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Macroeconomic policy questions: high-level international intergovernmental consideration of financing for development

Report of the Second Committee*

Rapporteur: Mr. Hussam Edin **A'Ala** (Syrian Arab Republic)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 97 (see A/54/585, para. 2). Action on sub-item (a) was taken at the 33rd and 51st meetings, on 8 November and 16 December 1999. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/54/SR.33 and 51).

II. Consideration of draft resolutions A/C.2/54/L.25 and A/C.2/54/L.75

2. At the 33rd meeting, on 8 November, the representative of Guyana, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "High-level international intergovernmental consideration of financing for development" (A/C.2/54/L.25), which read:

"*The General Assembly*,

"*Recalling* its resolutions 52/179 of 18 December 1997 and 53/173 of 15 December 1998,

* The report of the Committee on this item will be issued in six parts, under the symbol A/54/585 and Add.1-5.

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"*Taking note* of the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development,

"*Noting* Economic and Social Council resolution 1999/51 of 29 July 1999 on the restructuring and revitalization of the United Nations in the economic, social and related fields and cooperation between the United Nations and the Bretton Woods institutions,

"1. *Endorses* the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development, which provides the framework and reference for the scope, agenda and form of the final event, as well as the preparatory process;

"2. *Decides* to convene a high-level International Conference on Financing for Development, to be held in the year 2001;

"3. *Reiterates* that the preparatory process and the International Conference should involve the participation of all relevant stakeholders;

"4. *Invites* Member States to consider offering to host the International Conference on Financing for Development;

"5. *Decides* to establish an open-ended intergovernmental Preparatory Committee to carry out the substantive preparations for the high-level International Conference;

"6. *Also decides* to constitute a Bureau, with equitable representation from each region, to be presided by two Co-Chairmen;

"7. *Further decides* that the first organizational session of the Preparatory Committee should be held no later than early February 2000 to elect the Bureau, and, in this regard, requests the President of the General Assembly to begin consultations with Member States;

"8. *Requests* the Secretary-General and the Bureau to submit proposals to the Preparatory Committee at a resumed organizational session, in close consultation with Member States and all stakeholders, on the modalities of participation of the latter in the preparatory process and the International Conference, including within the context of paragraph 20 of the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development and paragraphs 17 and 18 of Economic and Social Council resolution 1999/51;

"9. *Decides* that the resumed organizational session of the Preparatory Committee will be held in March/April 2000 to consider the following, on the basis of chapter IV of the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development and on proposals to be submitted by the Secretary-General and the Bureau:

"(a) The timing, duration and format of the International Conference;

"(b) Clarification and finalization of the agenda;

"(c) Modalities of participation of institutional stakeholders, within and outside the United Nations system, notably the World Bank, the International Monetary Fund, the United Nations Conference on Trade and Development, the World Trade Organization and other relevant entities;

"(d) Modalities of participation of other stakeholders, notably non-governmental organizations and the private sector;

"(e) The programme of work of the Preparatory Committee;

"10. *Also decides* that the first substantive session of the Preparatory Committee will be held in May 2000;

"11. *Invites* Member States to consider sending experts to participate in the resumed organizational and substantive sessions of the Preparatory Committee;

"12. *Calls upon* the regional commissions, regional banks and other relevant regional entities to provide inputs for consideration by the Preparatory Committee, beginning at its resumed organizational session;

"13. *Requests* the United Nations Conference on Trade and Development to provide inputs for consideration by the Preparatory Committee, beginning at its resumed organizational session;

"14. *Also requests* the United Nations Conference on Trade and Development to take into account the schedule of the Preparatory Committee and meetings of the regional commissions in assisting developing countries to prepare for substantive discussions on financing for development, including by means of regional or other meetings as well as expert group meetings;

"15. *Requests* the Secretary-General, in close consultation with all Member States, to provide the Preparatory Committee and the International Conference with an adequately staffed secretariat under his authority, headed by a high-level personality, and with requisite resources, and also requests the Secretary-General to inform the Preparatory Committee at its first organizational session on the action taken in this regard;

"16. *Further requests* the Secretary-General to report to the General Assembly at its fifty-fifty session on the implementation of the present resolution and on the overall preparations for the International Conference on Financing for Development;

"17. *Decides* to include in the provisional agenda of its fifty-fifth session an item entitled 'International Conference on Financing for Development'."

3. At the 51st meeting, on 16 December, the Chairman of the Committee introduced a draft resolution entitled "High-level international intergovernmental consideration of financing for development" (A/C.2/54/L.75), which he submitted on the basis of informal consultations held on draft resolution A/C.2/54/L.25.

4. At the same meeting, the Secretary read out a statement regarding the programme budget implications of draft resolution A/C.2/54/L.75.

5. Also at the 51st meeting, the Committee adopted draft resolution A/C.2/54/L.75 (see para. 8).

6. At the same meeting, the representative of Guyana made a statement on behalf of the States Members of the United Nations that are members of the Group of 77 and China (see A/C.2/54/SR.51).

7. In the light of the adoption of draft resolution A/C.2/54/L.75, draft resolution A/C.2/54/L.25 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

8. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

High-level international intergovernmental consideration of financing for development

The General Assembly,

Recalling its resolutions 52/179 of 18 December 1997 and 53/173 of 15 December 1998,

Taking note of the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development,[1]

Taking note also of Economic and Social Council resolution 1999/51 of 29 July 1999 on the restructuring and revitalization of the United Nations in the economic, social and related fields and cooperation between the United Nations and the Bretton Woods institutions,

1. *Endorses* the report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development,[1] as an important input for the continuation of the process, as it provides the framework and reference for the scope, agenda and form of the final event of the high-level international intergovernmental consideration of financing for development, as well as the preparatory process;

2. *Decides* to convene in 2001 a high-level intergovernmental event of political decision makers, at least at the ministerial level, on financing for development, in the context of paragraph 20 of the report of the Working Group;

3. *Decides* that the high-level intergovernmental event in 2001 will address national, international and systemic issues relating to financing for development in a holistic manner in the context of globalization and interdependence, and, by so doing, will also address development through the perspective of finance; within this overall context, the event should also address the mobilization of financial resources for the full implementation of the outcome of major conferences and summits organized by the United Nations during the 1990s and the implementation of the Agenda for Development,[2] in particular with regard to poverty eradication;

4. *Reiterates*, as identified in the report of the Working Group, that both the preparatory process and the high-level intergovernmental event should involve the participation of all relevant stakeholders;

5. *Decides* to establish an intergovernmental Preparatory Committee, open to all States, to carry out the substantive preparations for the high-level intergovernmental event;

6. *Also decides* that the Preparatory Committee, at its resumed organizational session, based on the results of consultations to be held with all relevant stakeholders in a flexible manner, should consider innovative ways and mechanisms to facilitate the active involvement of all relevant stakeholders in both the preparatory process and the high-level intergovernmental event;

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[1] *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 28* (A/54/28).

[2] Resolution 51/240, annex.

7. *Requests* the Secretary-General, in consultation with Member States and within the context of paragraphs 20 and 21 of the report of the Working Group and paragraphs 17 and 18 of Economic and Social Council resolution 1999/51, to initiate as soon as possible preliminary consultations with all relevant stakeholders, in particular the World Bank, the International Monetary Fund and the World Trade Organization, on the potential modalities of their participation in both the substantive preparatory process and the high-level intergovernmental event, and also requests the Secretary-General to provide the results of these consultations to the Preparatory Committee for consideration at the first part of its organizational session;

8. *Decides* to constitute a Bureau of the Preparatory Committee, which will consist of fifteen representatives of States Members of the United Nations selected according to the principle of equitable geographical representation and will be presided over by two Co-chairmen;

9. *Also decides* that the first organizational session of the Preparatory Committee should be held as soon as possible and no later than the end of January 2000 to elect the Bureau, and in this regard requests the President of the General Assembly to begin consultations with Member States as soon as possible;

10. *Requests* the Bureau, *inter alia*, within the context of paragraphs 20 and 21 of the report of the Working Group and paragraphs 17 and 18 of Economic and Social Council resolution 1999/51 and with the further assistance of the Secretary-General, to continue consultations with all relevant stakeholders on the modalities of their participation, including the possibility of creating a joint task force, in both the substantive preparatory process and the high-level intergovernmental event, and also requests the Bureau to submit proposals to the Preparatory Committee at its resumed organizational session on the modalities of participation of all relevant stakeholders;

11. *Decides* that the resumed organizational session of the Preparatory Committee will be held as soon as possible and no later than March 2000, and, on the basis of the report of the Working Group and the proposals on modalities to be submitted by the Bureau, and taking into account the outcome of the consultations of the Secretary-General, will consider the following questions:

(a) The form of the final event, including a possible summit, international conference, special session of the General Assembly or other high-level international intergovernmental forum on financing for development;

(b) The venue of the final event;

(c) The timing, duration and format of the final event;

(d) Clarification of the agenda;

(e) Modalities for the participation of institutional stakeholders in both the preparatory process and the high-level intergovernmental event, notably:

(i) The World Bank, the International Monetary Fund and the World Trade Organization, as well as, in the latter case, participation at the secretariat level and of member and observer States;

(ii) The United Nations Conference on Trade and Development and the regional commissions;

(f) Modalities for the participation of other stakeholders, notably non-governmental organizations and the private sector, in both the preparatory process and high-level intergovernmental event;

(g) The programme of work of the Preparatory Committee;

12. *Also decides* that the first substantive session of the Preparatory Committee should be held in May 2000;

13. *Invites* Member States to consider sending experts to participate in the preparatory process, and encourages bilateral and multilateral donors to facilitate the participation of developing countries in both the preparatory process and the high-level intergovernmental event;

14. *Calls upon* the relevant entities of the United Nations system, including the United Nations Conference on Trade and Development and the regional commissions, as well as the regional development banks and all other relevant stakeholders, to provide inputs for consideration during the preparatory process;

15. *Requests* the relevant entities of the United Nations system, in accordance with their respective mandates, to take into account the schedule of the Preparatory Committee and meetings of the regional commissions, in assisting countries, in particular developing countries and countries with economies in transition, in preparing for the discussion on financing for development;

16. *Requests* the United Nations Conference on Trade and Development to take into account the schedule of the Preparatory Committee and meetings of the regional commissions, in assisting developing countries and countries with economies in transition, in preparing for the discussion on financing for development;

17. *Requests* the Secretary-General, in close consultation with all Member States, to provide the Preparatory Committee and the high-level intergovernmental event with a secretariat commensurate with the level of the event and with adequate staff and other resources, further invites the Secretary-General in this context to explore, in consultation with all relevant institutional stakeholders, the possibility of utilizing in this secretariat staff from among these stakeholders, as appropriate, and also requests the Secretary-General to make proposals in this regard to the Preparatory Committee at its resumed organizational session in accordance with the rules and procedures of the United Nations;

18. *Also requests* the Secretary-General to report to the General Assembly at its fifty-fifth session on the implementation of the present resolution and on the overall work undertaken with regard to the high-level international intergovernmental consideration of financing for development;

19. *Decides* to include in the provisional agenda of its fifty-fifth session the item entitled "High-level international intergovernmental consideration of financing for development".

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Macroeconomic policy questions: financing of development, including net transfer of resources between developing and developed countries

Report of the Second Committee*

Rapporteur: Mr. Hussam Edin **A'Ala** (Syrian Arab Republic)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 97 (see A/54/585, para. 2). Action on sub-item (b) was taken at the 41st, 42nd and 49th meetings, on 15 and 18 November and 14 December 1999. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/54/SR.41, 42 and 49).

II. Consideration of draft resolutions A/C.2/54/L.38 and A/C.2/54/L.72

2. At the 42nd meeting, on 18 November, the representative of Guyana, on behalf of the States Members of the United Nations that are members of the Group of 77 and China and Mexico, introduced a draft resolution entitled "Towards a stable and equitable international financial system, responsive to the challenges of development, especially in the developing countries" (A/C.2/54/L.38), which read:

* The report of the Committee on this item will be issued in six parts, under the symbol A/54/585 and Add.1-5.

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"*The General Assembly*,

"*Reaffirming* its resolution 53/172 of 15 December 1998 on the financial crisis and its impact on growth and development, especially in the developing countries,

"*Noting* the high-level regional meeting on the theme 'Towards a stable and predictable international financial system and its relationship to social development', held in Mexico on 5 and 6 September 1999, with the collaboration of the Economic Commission for Latin America and the Caribbean, in order to contribute to the process launched by the Assembly in its resolution 53/172,

"*Recognizing* that the increasing globalization of financial markets and capital flows has presented Governments, the multilateral financial institutions and the international community at large with new challenges and opportunities for the mobilization of adequate and predictable resources for promoting economic development and social welfare,

"*Stressing* the importance of the provision of adequate financial resources for the development of developing countries, including through public and private financial flows, international trade, official development assistance and debt relief, and that the comprehensive and integrated consideration of these issues should constitute a very important element of the dialogue and collaboration between the United Nations system and the Bretton Woods institutions,

"*Deeply concerned* at the continuing decline in official development assistance, which is a significant external source of financing for development and an important support to the efforts of developing countries, in particular the least developed countries, for eradicating poverty and tackling basic social needs, especially where private capital flows may either be inadequate or unavailable,

"*Emphasizing* the importance of finding a lasting solution to the external debt problem of developing countries in order to release resources for financing their development efforts,

"*Expressing* the need for future multilateral trade negotiations to result in increased access to markets for goods and services that are of export interest to developing countries, in particular the least developed countries, such markets being an important source of financial resources for their development efforts,

"*Mindful* of the need that the benefits of the increasing integration of global markets should be extended to all nations and peoples, in particular to the developing countries, especially the least developed among them, that in spite of the important role of private capital flows for promoting economic development they are not evenly distributed, and that for the majority of developing countries they are unavailable or inadequate,

"*Noting* the important need to ensure that capital mobility benefits developing economies rather than harming them, and in particular noting that short-term speculative capital flows, due to their highly volatile nature, often have negative impacts on the long-term goals of developing countries,

"*Regretting* that the recent financial crisis has led to a significant slowdown in the economic activity of developing countries and negative effects in terms of social development, with the gravest impacts on the most vulnerable, and in this context concerned that a sense of complacency may emerge as some of the most visible effects of the crisis seem to be overcome in some regions and sectors, which may result in

the weakening of urgent action on a wide range of reforms that need to be undertaken in the international financial system,

"*Recognizing* that the recent financial crisis has exposed the weaknesses of the present international financial system, and underlining the urgent need to work on a wide range of reforms for a stable and equitable international financial system in order to enable it to respond more effectively and in a timely manner to the challenges of development in the context of global financial integration,

"*Emphasizing* that the United Nations, in fulfilling its role in the promotion of development, in particular of developing countries, should play a central role in the international efforts to build up the necessary international consensus on the wide range of reforms needed for a strengthened, stable and equitable international financial system responsive to the challenges of development, especially in the developing countries,

"1. *Takes note with appreciation* of the report of the Secretary-General, the note by the United Nations Conference on Trade and Development entitled 'The financial crisis and its impact on growth and development, especially in the developing countries', the report of the Executive Committee on Economic and Social Affairs entitled 'Towards a new international financial architecture', the *World Economic and Social Survey, 1999* and the *Trade and Development Report, 1999*;

"2. *Emphasizes* the need to renew national, regional and international efforts in order to promote a strengthened, stable and equitable international financial system, and to this end to improve its early warning, prevention and response capabilities for dealing with the emergence and spread of financial crisis in a timely manner, taking a comprehensive and long-term perspective, while remaining responsive to the challenges of development and the protection of the most vulnerable countries and social groups;

"3. *Stresses* the importance of having an enabling international environment through strong cooperative efforts by all countries and institutions to promote global economic recovery, and to this end calls on major industrialized countries, which have significant weight in influencing world economic growth, to adopt and pursue coordinated policies conducive to world economic growth and international financial stability and the promotion of a favourable external economic environment for a sustained global economic recovery, including the full recovery of crisis-affected countries;

"4. *Recognizes* the importance of international financial stability, and in this context calls on developed countries, in particular major industrialized countries, to ensure that their macroeconomic policies are consistent with the priorities of growth and development, in particular of developing countries;

"5. *Also stresses* the importance at the national level of strong domestic institutions to promote the achievement of growth and development, including through sound macroeconomic policies and policies aimed at strengthening the regulatory and supervisory systems of the financial and banking sectors, including adequate institutional arrangements both in the countries of origin and destination of international capital flows;

"6. *Recognizes* the importance of accelerating the growth and development prospects of least developed countries, which remain the poorest and most vulnerable of the international community, and calls upon developed partners to carry on their efforts to increase official development assistance and their efforts aimed at

strengthened debt relief, improved market access and enhanced balance-of-payment support;

"7. *Reaffirms* the need for a continued and constructive dialogue, in the relevant institutions and forums among developed and developing countries including at the regional and subregional levels, on the need for the international community to continue to work together in formulating a global agenda for financial stability and on issues related to strengthening and reforming the international financial system, and in this context underscores the importance of an adequate and equitable representation and participation of developing countries in the decision-making processes of international financial institutions in order to ensure the effectiveness and universality of the new arrangements, reflecting the diversity among economies, their levels of development and their goals;

"8. *Encourages* the deepening of the dialogue between the Economic and Social Council and the Bretton Woods institutions in order to promote the wide range of reforms needed for a strengthened, stable and equitable international financial architecture that reflects the global interests of the international community, and in this regard recommends that their next high-level meeting give priority to the consideration of the modalities to achieve a more strengthened, stable and equitable international financial system, responsive to the challenges of development, especially in the developing countries;

"9. *Emphasizes* that the international financial institutions, in providing policy advice and supporting adjustment programmes, should ensure that they are sensitive to the specific circumstances of the concerned countries and to the special needs of developing countries and work towards the best possible outcomes in terms of growth and development, including through the protection of levels of social expenditure determined by each country on the basis of its needs and national priorities according to domestic economic and social development strategies;

"10. *Stresses* the need to define the role and improve the capacities of the international, regional and subregional financial institutions with regard to the prevention, management and resolution in a timely and effective manner of international financial crisis, and in this regard encourages efforts to enhance the stabilizing role of regional and subregional financial institutions and arrangements in supporting the management of monetary and financial issues, and requests the regional commissions to provide their views on this matter to the General Assembly at its fifty-fifth session;

"11. *Emphasizes* the need to develop an early warning system to prevent or, as the case may be, to take timely action to address the threat of financial crises, and in this regard encourages the International Monetary Fund and other relevant international and regional institutions to deepen their efforts to contribute to this process;

"12. *Underscores* the need to provide adequate international liquidity to the international financial system to contribute to the enhancement of worldwide stability, including through the provision to the international financial institutions, in particular the International Monetary Fund, of adequate resources to provide emergency financing in a timely manner to countries affected by financial crisis, as well as the further accessibility, transparency and timeliness of contingency credit lines, and the creation and strengthening of regional reserves;

"13. *Emphasizes* that all countries should retain their autonomy in the management of capital accounts in accordance with their own national priorities and needs, and in this context underlines that the opening of the capital account must be carried out in an orderly, gradual and well sequenced manner, keeping its pace in line with the strengthening of the ability of countries to cope with its consequences;

"14. *Reaffirms* the need to strengthen international and national financial systems through a more effective national, regional and international surveillance of both the public and private sectors, based, *inter alia*, upon the improvement of the availability and transparency of information, as appropriate, and possible additional regulatory and voluntary disclosure measures concerning financial market participants, including international institutional investors, particularly concerning highly leveraged operations;

"15. *Calls* on the renewal of national, regional and international efforts to promote the greater involvement of the private sector in the prevention and resolution of financial crisis, and in this context underscores the importance of a more equitable distribution of the cost of adjustments between the public and private sectors, and between debtors, creditors and investors, and requests the United Nations Conference on Trade and Development to provide their views on this matter to the General Assembly at its fifty-fifth session;

"16. *Reiterates* its call to the international community to pursue national, regional and international efforts to contribute to minimizing the excessive volatility of global financial flows, and in this context reiterates the need to consider the establishment of regulatory frameworks for short-term capital flows and trade in currencies, *inter alia*, through tax measures and market-related measures related to capital inflows, and invites the International Monetary Fund and relevant regulatory bodies to contribute to this process;

"17. *Underlines* the importance that sovereign risk assessments be based on objective and transparent parameters, and in this regard invites the relevant national, regional and international regulatory bodies to contribute to the development of appropriate standards to ensure that risk-assessment agencies provide complete and accurate information on a timely and regular basis;

"18. *Encourages* the efforts of the World Bank and regional development banks to help Governments to address the social consequences of crisis, in particular through the strengthening of social safety nets in developing countries, particularly for the most vulnerable groups, without losing sight of the long-term goals of development;

"19. *Requests* the Secretary-General to support, through the collaboration of the regional commissions, regional and subregional initiatives, including regional and subregional meetings, the design of a global agenda towards a more stable, predictable and equitable international financial system responsive to the challenges of development, in particular of developing countries, and in this regard, requests the Secretary-General to make available the results of those exercises to the General Assembly at its fifty-fifth session;

"20. *Also requests* the Secretary-General, in close cooperation with all relevant entities of the United Nations, including the United Nations Conference on Trade and Development and the regional commissions, and in consultation with the Bretton Woods institutions, to report to it at its fifty-fifth session on the implementation of the present resolution under the sub-item, 'Financing of development, including net transfer of resources between developed and developing countries', with an analysis

of the current trend in global financial flows, providing recommendations for the design of a global agenda towards a strengthened, stable and equitable international financial system responsive to the priorities of growth and development, in particular of developing countries;

"21. *Further requests* the President of the General Assembly to send a copy of the present resolution to the Boards of Directors of the World Bank and the International Monetary Fund, inviting them to consider the present resolution in their discussions of this matter."

3. At the 49th meeting, on 14 December, the Vice-Chairman of the Committee, Giovanni Brauzzi (Italy), introduced, a draft resolution entitled "Towards a stable international financial system responsive to the challenges of development, especially in the developing countries" (A/C.2/54/L.72), which he submitted on the basis of informal consultations held on draft resolution A/C.2/54/L.38.

4. At the same meeting, the Chairman made a statement (see A/C.2/54/SR.49).

5. Also at the same meeting, statements were made by the representatives of Guyana (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), Mexico, Indonesia and Kenya (see A/C.2/54/SR.49).

6. At the same meeting, the representative of the United States of America called for a recorded vote on draft resolution A/C.2/54/L.72.

7. Also at its 49th meeting, the Committee adopted draft resolution A/C.2/54/L.72 by a recorded vote of 120 to 1, with no abstentions (see para. 10). The voting was as follows:[1]

In favour:

Algeria, Angola, Antigua and Barbuda, Argentina, Australia, Austria, Bahamas, Bangladesh, Barbados, Belarus, Belgium, Benin, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Cambodia, Cameroon, Canada, Cape Verde, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Fiji, Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guyana, Haiti, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Kenya, Lao People's Democratic Republic, Lesotho, Liechtenstein, Lithuania, Luxembourg, Malaysia, Maldives, Malta, Marshall Islands, Mexico, Monaco, Mongolia, Mozambique, Namibia, Nepal, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saint Lucia, San Marino, Senegal, Singapore, Slovakia, Solomon Islands, South Africa, Spain, Sri Lanka, Sudan, Suriname, Sweden, Syrian Arab Republic, Thailand, Togo, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

United States of America.

[1] The delegations of Armenia, Bahrain, the Democratic People's Republic of Korea, Djibouti, the Islamic Republic of Iran, Madagascar, Mauritius, Myanmar and Trinidad and Tobago subsequently indicated that, had they been present, they would have voted in favour.

Abstaining:

None.

8. Before the adoption of the draft resolution, statements in explanation of vote were made by the representatives of Nigeria and the United States of America; after the adoption of the draft resolution, statements in explanation of vote were made by the representatives of Costa Rica, Finland (on behalf of the States Members of the United Nations that are members of the European Union and Bulgaria, Cyprus, the Czech Republic, Hungary, Iceland, Lithuania, Malta, Poland, Romania and Slovakia) and Australia (see A/C.2/54/SR.49).

9. In the light of the adoption of draft resolution A/C.2/54/L.72, draft resolution A/C.2/54/L.38 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

10. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Towards a stable international financial system, responsive to the challenges of development, especially in the developing countries

The General Assembly,

Reaffirming its resolution 53/172 of 15 December 1998 on the financial crisis and its impact on growth and development, especially in the developing countries,

Noting the high-level regional meeting on the theme "Towards a stable and predictable international financial system and its relationship to social development", held at Mexico City on 5 and 6 September 1999, in collaboration with the Economic Commission for Latin America and the Caribbean, in order to contribute to the process launched by the General Assembly in its resolution 53/172,

Recognizing that the increasing globalization of financial markets and capital flows has presented Governments, the multilateral financial institutions and the international community at large with new challenges and opportunities for the mobilization of adequate and more stable resources for promoting economic development and social welfare,

Stressing the importance of the provision of adequate financial resources for the development of all countries, in particular developing countries, *inter alia*, through public and private financial flows, international trade, official development assistance, and on adequate level of funding support for debt relief, in particular the agreement for an overall financing plan for the enhanced Heavily Indebted Poor Countries Debt Initiative, as well as mobilization of domestic resources, and that the comprehensive and integrated consideration of those issues should continue in the framework of the dialogue and collaboration between the United Nations system and the Bretton Woods institutions,

Deeply concerned at the overall declining trend in official development assistance, which is a significant external resource for financing development and an important source of support to the efforts of developing countries, in particular the least developed countries, to create an enabling environment for eradicating poverty and tackling basic social needs, especially where private capital flows may be either inadequate or unavailable,

Emphasizing the importance of finding a durable solution to the problem of developing countries in meeting their external debt and debt-servicing obligations in order to release resources for financing their development efforts, welcoming, in this context, the Cologne debt initiative launched in June 1999 and the recent decisions of the International Monetary Fund and the World Bank on the enhanced Heavily Indebted Poor Countries Debt Initiative, which should provide deeper, broader and faster relief, and in this regard stressing the need for fair, equitable and transparent burden-sharing among the international public creditor community and other donor countries,

Noting the establishment of credit contingency lines by the International Monetary Fund and the efforts to create and strengthen the regional reserves in some regions,

Expressing the need for future multilateral trade negotiations to result, *inter alia*, in increased access to markets for goods and services that are of export interest to developing countries, in particular the least developed countries, as trade is an important source of financial resources for their development efforts,

Mindful of the need for the benefits of the increasing integration of global markets to be extended to all nations and peoples, in particular to the developing countries, especially the least developed among them, noting that, while a number of developing countries have been able to take advantage of globalization of finance, not all countries have benefited from such flows, as they may be unavailable, inadequate or too concentrated to satisfy the needs of developing countries, especially the least developed among them, and therefore noting the need to expand private capital flows while reducing the risks of volatility and to broaden access by developing countries to those flows,

Noting the desirability of having financial regulatory frameworks so that capital mobility may benefit developing economies rather than undermine their development efforts, and noting in particular that short-term speculative capital flows, owing to their highly volatile nature, can often have negative impacts on the long-term goals of developing countries,

Regretting that the recent financial crises led to a significant slowdown in the economic growth of many developing countries and other affected countries and had negative impacts in terms of social development, with the gravest impact on the most vulnerable, and in this context noting that, while some of the most visible effects of the crises are being overcome in some regions and sectors, continued action on a wide range of reforms needs to be taken so as to strengthen the international financial system and to adopt as well as implement economic and legal frameworks, while reaffirming the need for continued efforts by individual economies to avoid the repetition of those crises,

Recognizing that the recent financial crises have exposed weaknesses in the international financial system, and underlining the urgent need to continue to work on a wide range of reforms for a strengthened and more stable international financial system with a view to enabling it to deal more effectively and in a timely manner with the new challenges of development in the context of global financial integration,

Emphasizing that the United Nations, in fulfilling its role in the promotion of development, in particular of developing countries, plays an important role in the international efforts to build up the necessary international consensus on the continuation of a wide range of reforms needed for a strengthened and more stable international financial system that is responsive to the challenges of development, especially in the developing countries, and to the promotion of economic and social equity in the global economy,

1. *Takes note with appreciation* of the report of the Secretary-General,[2] and the note by the United Nations Conference on Trade and Development[3] on the financial crisis and its impact on growth and development, especially in the developing countries, the report of the Task Force of the Executive Committee on Economic and Social Affairs of the United Nations Secretariat entitled "Towards a new international financial architecture", the *World Economic and Social Survey, 1999*[4] and the *Trade and Development Report, 1999*;[5]

2. *Emphasizes* the need to renew national, regional and international efforts to promote international financial stability and, to this end, to improve early warning, prevention and response capabilities for dealing with the emergence and spread of financial crises in a timely manner, taking a comprehensive and long-term perspective while remaining responsive to the challenges of development and the protection of the most vulnerable countries and social groups;

3. *Stresses* the importance of having an enabling international environment through strong cooperative efforts by all countries and institutions to promote global economic development, and to this end calls upon all countries, in particular major industrialized countries, which have significant weight in influencing world economic growth, to adopt and pursue coordinated policies conducive to world economic growth and international financial stability and the promotion of an external economic environment favourable to a widespread economic recovery, including the full recovery of crisis-affected countries;

4. *Recognizes* the importance of international financial stability, and in this context invites developed countries, in particular major industrialized countries, when formulating their macroeconomic policies, to take into account the priorities of growth and development, in particular of developing countries,

5. *Stresses* the importance at the national level of strong domestic institutions to promote the achievement of growth and development, *inter alia*, through sound macroeconomic policies and policies aimed at strengthening the regulatory and supervisory systems of the financial and banking sectors, including appropriate institutional arrangements in the countries of both origin and destination of international capital flows;

6. *Recognizes* the importance of accelerating the growth and development prospects of the least developed countries, which remain the poorest and most vulnerable of the international community, and calls upon development partners to carry on with their efforts to increase official development assistance and their efforts aimed at strengthening debt relief, improving market access and enhancing balance-of-payments support;

7. *Stresses* the need for a continued and constructive dialogue in the relevant institutions and forums among developed and developing countries, at the regional and subregional levels, among others, on the need for the international community to continue to work together in formulating approaches to promoting financial stability and on issues related to strengthening and reforming the international financial system, and in this context reiterates the need for broadening and strengthening the participation of developing countries in the international economic decision-making process in order to promote more efficient international financial institutions and arrangements in which all relevant interests can be effectively represented;

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[2] A/54/471.

[3] A/54/512/Add.1.

[4] United Nations publication, Sales No. E.99.II.C.1.

[5] United Nations publication, Sales No. E.99.II.D.1.

8. *Encourages* the deepening of the dialogue between the Economic and Social Council and the Bretton Woods institutions in order to promote the wide range of reforms needed in an international financial architecture that reflects the global interests of the international community, and in this regard recommends that their next high-level meeting give priority to the consideration of the modalities needed to achieve a strengthened and more stable international financial system responsive to the challenges of development, especially in the developing countries, and to the promotion of economic and social equity in the global economy;

9. *Emphasizes* that the international financial institutions, in providing policy advice and supporting adjustment programmes, should ensure that they are sensitive to the specific circumstances of concerned countries and to the special needs of developing countries and should work towards the best possible outcomes in terms of growth and development, including poverty eradication, *inter alia*, through the protection of effective social expenditure determined by each country in accordance with its national economic and social development strategies;

10. *Stresses* the need to further define the role and improve the capacities of the international, regional and subregional financial institutions with regard to the prevention, management and resolution in a timely and effective manner of international financial crises, encourages efforts to enhance the stabilizing role of regional and subregional financial institutions and arrangements in supporting the management of monetary and financial issues, in accordance with the mandate of each institution, and requests the regional commissions to provide their views on this matter to the General Assembly at its fifty-fifth session through their regular reports to the Economic and Social Council;

11. *Emphasizes* the need to further develop early warning capacities and modalities to prevent or, as the case may be, to take timely action to address the threat of financial crisis, and in this regard encourages the International Monetary Fund and other relevant international and regional institutions to continue their efforts to contribute to this process;

12. *Underscores* the need for the enhancement of worldwide financial stability, *inter alia*, through the provision to the international financial institutions, in particular the International Monetary Fund, of adequate resources to provide emergency financing in a timely manner to countries affected by financial crisis;

13. *Stresses* that the opening of capital accounts must be carried out in an orderly, gradual and well-sequenced manner, at a pace that is in line with the strengthening ability of countries to cope with its consequences, underscores the crucial importance of solid domestic financial systems and of an effective prudential framework, invites the International Monetary Fund, the World Bank and relevant international regulatory bodies to contribute to this process, and in this context recognizes that all countries have autonomy in the management of capital accounts in accordance with their own national priorities and needs;

14. *Reaffirms* the need to strengthen international and national financial systems through more effective national, regional and international surveillance of both the public and private sectors, based, *inter alia*, on the improved availability and transparency of information, as appropriate, and possible additional regulatory and voluntary disclosure measures concerning financial market participants, including international institutional investors, in particular concerning highly leveraged operations, and in this context also reaffirms the importance of continuing to work in the relevant forums on questions related to surveillance, transparency and disclosure, regulation and supervision;

15. *Stresses* the importance of strengthened collaboration between the World Bank and the International Monetary Fund in specific areas where collaboration is needed, such as the financial sector, while recognizing the specific mandates of the two institutions, and also stresses the need for institutions dealing with financial crises to keep in mind the overall objective of facilitating long-term development;

16. *Calls* for the renewal of national, regional and international efforts to promote the greater involvement of the private sector in the prevention and resolution of financial crisis, underscores in this context the importance of a more equitable distribution of the cost of adjustments between the public and private sectors and among debtors, creditors and investors, and requests the United Nations Conference on Trade and Development to inform the General Assembly at its fifty-fifth session concerning the work it has undertaken on this matter;

17. *Reiterates its call* upon the international community to pursue national, regional and international efforts to contribute to minimizing the negative impacts of excessive volatility of global financial flows, reiterates in this context the need to consider the establishment of regulatory frameworks for short-term capital flows and trade in currencies, and invites the International Monetary Fund and the relevant regulatory bodies to contribute to this process;

18. *Emphasizes* that it is important for sovereign risk assessments made by private sector agencies to be based on objective and transparent parameters, and in this regard invites the relevant national, regional and international regulatory bodies to contribute to the development of appropriate standards to ensure that risk-assessment agencies provide complete and accurate information on a timely and regular basis;

19. *Encourages* the continuing efforts of the World Bank and regional development banks to help Governments to address the social consequences of crisis, in particular through the strengthening of social safety nets in developing countries, particularly for the most vulnerable groups, without losing sight of the long-term goals of development;

20. *Requests* the Secretary-General to support, *inter alia*, through collaboration with the regional commissions and regional and subregional initiatives, the ongoing work on the identification of measures that will contribute to a more stable and predictable international financial system that is responsive to the challenges of development, in particular of developing countries, and in this regard requests the Secretary-General to make available the results of those exercises to the General Assembly at its fifty-fifth session;

21. *Also requests* the Secretary-General, in close cooperation with all relevant entities of the United Nations, including the United Nations Conference on Trade and Development and the regional commissions, within their respective mandates, and in consultation with the Bretton Woods institutions, to report to the General Assembly at its fifty-fifth session on the implementation of the present resolution under the sub-item entitled "Financing of development, including net transfer of resources between developing and developed countries", with an analysis of the current trend in global financial flows and recommendations for an agenda for a strengthened and more stable international financial system that is responsive to the priorities of growth and development, in particular of developing countries, and to the promotion of economic and social equity in the global economy;

22. *Requests* the President of the General Assembly to transmit the present resolution to the Board of Executive Directors of the World Bank and the Executive Board of the International Monetary Fund, in order to bring it to their attention as an input to their discussions on the matters addressed herein.

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Macroeconomic policy questions: trade and development

Report of the Second Committee*

Rapporteur: Mr. Hassam Edin **A'Ala** (Syrian Arab Republic)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 97 (see A/54/585, para. 2). Action on sub-item (c) was taken at the 42nd, 43rd, 44th and 50th meetings, on 18 and 24 November and 1 and 15 December 1999. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/54/SR.42-44 and 50).

II. Consideration of proposals

A. Draft resolution A/C.2/54/L.36 and Rev.1

2. At the 42nd meeting, on 18 November, the representative of Guyana, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International trade and development" (A/C.2/54/L.36), which read:

"*The General Assembly*,

"*Reaffirming* its resolutions 50/95 and 50/98 of 20 December 1995, 51/167 of 16 December 1996, 52/182 of 18 December 1997 and 53/170 of 15 December 1998,

* The report of the Committee on this item will be issued in six parts, under the symbol A/54/585 and Add.1-5.

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as well as relevant international agreements concerning trade, economic growth, development and interrelated issues,

"*Reaffirming* the outcome of the ninth session of the United Nations Conference on Trade and Development, held at Midrand, South Africa, which provides an important framework for promoting a partnership for growth and development,

"*Emphasizing* that a favourable and conducive international economic and financing environment and a positive investment climate are necessary for the economic growth of the world economy, including the creation of employment, in particular for the growth and development of developing countries, and emphasizing also that each country is responsible for its own economic policies for sustainable development,

"*Noting* that the benefits of the existing multilateral trading system have not been evenly shared and that progress towards full liberalization in sectors of particular interest to developing countries is lagging behind and significant imbalances between rights and obligations exist in multilateral trading agreements as well as in conditions of market access,

"*Stressing* the importance of full and faithful implementation of the commitments and obligations in multilateral trade agreements to the equitable development and stability of the world economy,

"*Taking note* of the report of the Trade and Development Board on its forty-sixth session, and the report of the Secretary-General of the United Nations Conference on Trade and Development,

"*Taking note also* of the report of the Secretary-General,

"1. *Recognizes* the importance of the expansion of international trade as an engine of growth and development and, in this context, the need for expeditious and complete integration of developing countries and countries with economies in transition into the international trading system, in full cognizance of the opportunities and challenges of globalization and liberalization and taking into account the circumstances of individual countries, in particular the trade interests and development needs of developing countries;

"2. *Renews* the commitment to uphold and strengthen an open, rule-based, equitable, secure, non-discriminatory, transparent and predictable multilateral trade system, which contributes to the economic and social advancement of all countries and peoples by promoting the liberalization and expansion of trade, employment and stability and by providing a framework for the conduct of international trade relations;

"3. *Expresses* concern at the declining terms of trade in primary commodities and lack of progress in diversification, and in this regard strongly emphasizes the need for actions including through improved market access conditions;

"4. *Recognizes* that the substantial improvement of market access to developed country markets through, *inter alia*, the removal of tariff and non-tariff barriers, especially for exports of goods and services from developing countries, should be a major priority for the new multilateral trade negotiations;

"5. *Deplores* any attempt to bypass, roll back or undermine multilaterally agreed procedures on the conduct of international trade by unilateral actions inconsistent with the multilateral trade rules and regulations;

"6. *Expresses* concern about the proliferation of anti-dumping and countervailing measures which are increasingly being used as protectionist measures against developing countries;

"7. *Reaffirms* the role of the United Nations Conference on Trade and Development as the focal point within the United Nations for the integrated treatment of development and related issues in the areas of trade, finance, technology, investment and sustainable development;

"8. *Welcomes* the progress made so far in the preparation for the tenth session of the United Nations Conference on Trade and Development, to be held at Bangkok from 12 to 19 February 2000 by the Trade and Development Board, and considers that the tenth session of Conference will provide, *inter alia*, an important opportunity for the United Nations system and the international community to make a collective reflection on development, particularly in the context of globalization, to reach a consensus on a new development paradigm whose pillars are growth, stability and equity, and which would facilitate the effective integration of developing countries into a more equitable global economy, as well as ensuring greater coherence, complementarity and coordination in global economic policy-making and more participatory decision-making;

"9. *Reiterates* the importance of continued trade liberalization, in particular in sectors of export interest to developing countries, through, *inter alia*:

"(a) Substantial reductions of tariffs and tariff peaks as well as the removal of tariff escalation;

"(b) Ensuring that resort to anti-dumping duties, countervailing duties, sanitary and phytosanitary regulations and technical standards is subjected to effective multilateral surveillance so that such measures respect and are consistent with multilateral rules and obligations and are not used for protectionist purposes;

"(c) The elimination of trade-distorting policies, protectionist practices and non-tariff barriers in international trade relations;

"(d) The improvement and renewal, by preference-giving countries, of their Generalized System of Preferences schemes with the objective of integrating developing countries, especially the least developed countries, into the international trading system and of finding ways and means to ensure more effective utilization of the Generalized System of Preferences schemes, and in this context reiterates its original principles, namely, non-discrimination, universality, burden-sharing and non-reciprocity;

"10. *Also reiterates* that it is an ethical imperative for the international community to arrest and reverse the marginalization of the least developed countries and to promote their expeditious integration into the world economy, and that all countries should work together towards further enhanced market access for exports from least developed countries within the context of supporting their own efforts at capacity-building; welcomes the initiatives taken by the World Trade Organization in cooperation with other organizations in the implementation of the Plan of Action for the Least Developed Countries adopted at its first Ministerial Conference, held at Singapore from 9 to 13 December 1996, including through effective follow-up to the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, held at Geneva on 27 and 28 October 1997, taking into account the proposals adopted by the Least Developed Countries' Coordinating Workshop held in South Africa in June 1999; recognizes that the full implementation of the Plan of

Action requires further and expeditious progress towards duty-free imports from the least developed countries; and invites the relevant international organizations to provide substantially enhanced technical assistance to help strengthen the supply capacity of the least developed countries so as to help them to take the fullest possible advantage of trading opportunities arising from globalization and liberalization;

"11. *Stresses* the urgent need to facilitate the integration of the countries of Africa into the world economy, and in this context welcomes the action-oriented agenda for the development of Africa contained in the report of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa, and endorses the call contained in the ministerial communiqué for continued efforts to enhance market access for products of export interest to African economies and support for their efforts at diversification and building of supply capacity, and in this context requests the United Nations Conference on Trade and Development to continue and strengthen its contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s, taking into account the agreed conclusions of the Trade and Development Board on Africa;

"12. *Requests* the Secretary-General to ensure, as a matter of urgency, the initiation by the United Nations Conference on Trade and Development, in the areas falling within its mandate, of the preparatory process for the final review and appraisal of the implementation of the New Agenda to be held in the year 2002, in particular focusing on market access, diversification and supply capacity, resources flows and external debt, foreign direct and portfolio investment and access to technology, and in this context requests the Secretary-General to present a report based on the recommendations of the Trade and Development Board on Africa and on measures taken in this regard, with a special emphasis on African trade issues, for the consideration of the General Assembly at its fifty-fifth session under the agenda item entitled 'International trade and development';

"13. *Also stresses* the need to give special attention, within the context of international cooperation on trade and development issues, to the implementation of the many international development commitments geared to meeting the special development needs and problems of small island developing States, small and vulnerable economies and landlocked developing countries, and to recognize that developing countries that provide transit services need adequate support in maintaining and improving their transit infrastructure;

"14. *Endorses* in this context the relevant provisions of its twenty-second special session on the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, and reiterates the need for the United Nations Conference on Trade and Development to strengthen its contribution to the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States;

"15. *Reiterates* the importance of the effective application by all members of the World Trade Organization of all provisions of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, taking into account the specific interests of developing countries so as to maximize economic growth and developmental benefits for all, and the need for the effective implementation of the special provisions in the multilateral trade agreements and related ministerial decisions in favour of developing countries, particularly the operationalization of special and differential provision, including the strengthening of the concept taking into account the changing realities of world trade and of globalized production, and urges

Governments and concerned international organizations to apply effectively the Ministerial Decisions on Least Developed Countries and on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries;

"16. *Recognizes* that it is important that the momentum towards increased trade liberalization, particularly as regards areas and products of interest to developing countries, be maintained and that further liberalization be sufficiently broad-based to respond to the range of interests and concerns of all members, within the framework of the World Trade Organization, and in this regard welcomes the activities of United Nations Conference on Trade and Development aimed at assisting developing countries in developing a positive agenda for the future multilateral trade negotiations, and invites the United Nations Conference on Trade and Development to continue to provide analytical support and technical assistance, as well as capacity-building activities, to those countries for their effective participation in the negotiations;

"17. *Stresses* the need for future multilateral trade negotiations to pay particular attention to such issues as transfer of technology, appropriate safeguards for developing countries, credit for autonomous liberalization, export finance and commodity markets, and in this regard to the operationalization of the provisions under the Trade-Related Aspects of Intellectual Property Rights Agreement relating to the transfer of technology and the balanced protection of biological resources and disciplines to protect traditional knowledge, as well as enabling developing countries to use measures necessary to implement their policies for development and export diversification and upgrading under the Trade-Related Investment Measures Agreement and the Agreement on Subsidies and Countervailing Measures;

"18. *Calls upon* the international financial institutions to ensure that in their development cooperation activities, the developing countries are not required to undertake obligations with regard to their development policies, strategies and programmes in trade and trade-related areas in excess or additional to those undertaken within the framework of rules agreed within the multilateral trading system;

"19. *Emphasizes* the importance of the strengthening of and the attainment of greater universality by the international trading system, and of accelerating the process directed towards accession to the World Trade Organization of developing countries and countries with economies in transition, including the application of the principle of special and differential treatment for developing countries in their accession negotiations, and also emphasizes the necessity for Governments that are members of the World Trade Organization and relevant international organizations to assist non-members of the World Trade Organization so as to facilitate their efforts with respect to accession in an expeditious and transparent manner, on the basis of undertaking balanced World Trade Organization rights and obligations, and for the United Nations Conference on Trade and Development and the World Trade Organization to provide technical assistance, within their mandates, that will contribute to the rapid and full integration of those countries into the multilateral trading system;

"20. *Stresses* the need for improved measures to address the volatility of financial flows as well as the effects of financial crisis on the international trading system and the development prospects of developing countries and the countries affected by such crisis, emphasizing that keeping all markets open and maintaining continued growth in world trade are key elements in overcoming such crisis, and in this context rejects the use of any protectionist measures; at a broader level, there is a need for greater coherence between the development objectives agreed to by the

international community and the functioning of the international trading and financial system, and in this context calls for close cooperation between the organizations of the United Nations system and the multilateral trade and financial institutions;

"21. *Requests* the Secretary-General, in scheduling and organizing mandated events on trade and trade-related issues, to promote complementarity on the work of the relevant bodies of the United Nations system, bearing in mind that the United Nations Conference on Trade and Development is the focal point;

"22. *Recognizes* the importance of open regional economic integration and the contribution of such regional arrangements to facilitating trade and investment flows, economies of scale, economic liberalization and the integration of their members into the system of international economic relations within a framework of open regionalism, enabling progress towards a more open multilateral system, and calls upon all Governments, intergovernmental and multilateral institutions to provide support to economic integration amongst developing countries;

"23. *Reiterates* that, in line with Agenda 21 and the Rio Declaration on Environment and Development, Governments should have as their objective to ensure that trade and environmental policies are mutually supportive so as to achieve sustainable development and that, in so doing, their environmental policies and measures with a potential trade impact are not used for protectionist purposes, and encourages the United Nations Conference on Trade and Development to continue its work on trade, environment and development;

"24. *Requests* the United Nations Conference on Trade and Development to continue to identify and analyse the implications for development of issues relevant to investment, as well to identify ways and means to promote foreign direct and investment to all developing countries, in particular to those most in need, taking into account the interests of developing countries and bearing in mind the work undertaken by other organizations;

"25. *Emphasizes* that the dispute settlement mechanism of the World Trade Organization is a key element with regard to the integrity and credibility of the multilateral trading system and the full realization of the benefits anticipated from the conclusion of the Uruguay Round of multilateral trade negotiations;

"26. *Strongly underlines* the need for technical assistance, including the provision of legal assistance to developing countries, to enable those countries to take the fullest possible advantage of the dispute settlement mechanism of the World Trade Organization, based on multilaterally agreed rules and regulations, and in this context emphasizes the importance of enabling the United Nations Conference on Trade and Development to strengthen technical assistance to developing countries, in particular the developed countries, landlocked developing countries and small island developing States in this area;

"27. *Notes* the increasing importance and application of electronic commerce in international trade and the need to strengthen the capacities of developing countries to participate effectively in electronic commerce, and urges the United Nations Conference on Trade and Development, in cooperation with other relevant bodies of the United Nations system, to continue to assist developing countries and, in this regard, emphasizes the need for analysis of the fiscal, legal and regulatory aspects of electronic commerce as well as its implications on trade and development prospects for developing countries;

"28. *Stresses* the importance of improving the efficiency of trade-supporting services, particularly in the areas of transport, customs, banking and insurance, and business information, of developing countries, particularly in the case of small and medium-sized enterprises, and invites the United Nations Conference on Trade and Development, in collaboration with other relevant bodies of the United Nations particularly the regional commissions, to continue to assist developing countries in this area;

"29. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to provide substantive inputs on the role of information and communications technology in trade, finance, investment and related areas to the high-level segment of the substantive session of 2000 of the Economic and Social Council;

"30. *Requests* the Secretary-General of the United Nations, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its fifty-fifth session on (a) the implementation of the present resolution and (b) developments in the multilateral trading system."

3. At the 50th meeting, on 15 December, the Vice-Chairman of the Committee, Giovanni Brauzzi (Italy), informed the Committee of the outcome of the informal consultations held on draft resolution A/C.2/54/L.36 and drew the Committee's attention to a revised draft resolution entitled "International trade and development" (A/C.2/54/L.36/Rev.1), submitted by the sponsors of draft resolution A/C.2/54/L.36 and Finland (on behalf of the States Members of the United Nations that are members of the European Union), Australia, Belarus, Canada, Japan, Kazakhstan, Mexico, Norway, the Republic of Korea, the Russian Federation and the former Yugoslav Republic of Macedonia.

4. At the same meeting, the Committee adopted draft resolution A/C.2/54/L.36/Rev.1 (see para. 19, draft resolution I).

5. Also at the 50th meeting, the representative of Guyana made a statement on behalf of the States Members of the United Nations that are members of the Group of 77 and China (see A/C.2/54/SR.50).

6. After the adoption of the draft resolution, statements were made by the representatives of the United States of America and Suriname (see A/C.2/54/SR.50).

B. Draft resolutions A/C.2/54/L.37 and A/C.2/54/L.56

7. At the 42nd meeting, on 18 November, the representative of Guyana, on behalf of the States Members of the United Nations that are members of the Group of 77 and China introduced a draft resolution entitled "Specific actions related to the particular needs and problems of landlocked developing countries" (A/C.2/54/L.37). Kazakhstan, Kyrgyzstan, the former Yugoslav Republic of Macedonia and Uzbekistan subsequently joined in sponsoring the draft resolution, which read:

"The General Assembly,

"Recalling the provisions of its resolutions 44/214 of 22 December 1989, 46/212 of 20 December 1991, 48/169 of 21 December 1993, 50/97 of 20 December 1995 and 52/183 of 18 December 1997 and the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community as well as the relevant parts of the Agenda for Development,

"*Recognizing* that the lack of territorial access to the sea, aggravated by remoteness and isolation from the world markets, and prohibitive transit costs and risks impose serious constraints on the overall socio-economic development efforts of the landlocked developing countries,

"*Recognizing also* that sixteen of the landlocked developing countries are also classified by the United Nations as least developed countries and that their geographical situation is an added constraint on their overall ability to cope with the challenges of development,

"*Recognizing further* that most transit countries are themselves developing countries facing serious economic problems, including the lack of adequate infrastructure in the transport sector,

"*Noting* the importance of strengthening the existing international support measures with a view to addressing further the problems of landlocked developing countries,

"*Emphasizing* the importance of further strengthening effective and close cooperation and collaboration between landlocked developing countries and their transit neighbours, at both regional and subregional levels, including activities of the regional commissions, in developing efficient transit transport systems in landlocked and transit developing countries,

"*Recalling* the holding of the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, in New York from 24 to 26 August 1999,

"*Expressing its appreciation* to donor partners for participating in the fourth Meeting of Governmental Experts and for the generous contribution that facilitated the participation of landlocked developing countries,

"1. *Welcomes* the note by the Secretary-General transmitting the progress report of the secretariat of the United Nations Conference on Trade and Development on specific actions related to the particular needs and problems of landlocked developing countries;

"2. *Endorses* the agreed conclusions and recommendations for future action adopted by the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions;

"3. *Reaffirms* the right of access of landlocked developing countries to and from the sea and freedom of the transit through the territory of transit States by all means of transport, in accordance with international law;

"4. *Also reaffirms* that transit developing countries, in the exercise of their full sovereignty over their territory, have the right to take all measures necessary to ensure that the rights and facilities provided for landlocked developing countries in no way infringe upon their legitimate interests;

"5. *Calls upon* the landlocked developing countries and their transit neighbours to implement measures to further strengthen their cooperative and collaborative efforts to deal with transit transport issues, including bilateral and as appropriate subregional cooperation, *inter alia*, by improving the physical infrastructure and non-physical aspects of transit transport systems, strengthening and concluding where appropriate bilateral and subregional agreements to govern transit

transport operations, developing joint ventures in the area of transit transport and strengthening institutions and human resources dealing with transit transport, and, in this respect, notes that South-South cooperation also plays an important role in this field;

"6. *Appeals once again* to all States, international organizations and financial institutions to implement, as a matter of urgency and priority, the specific actions related to the particular needs and problems of landlocked developing countries agreed upon in the resolutions and declarations adopted by the General Assembly and the outcome of recent major United Nations conferences relevant to landlocked developing countries, the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community and the agreed recommendations and conclusions of the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions;

"7. *Welcomes* the continuing efforts being made by the Secretary-General of the United Nations Conference on Trade and Development, in collaboration with donor countries and institutions, in particular the United Nations Development Programme, the regional commissions and relevant subregional institutions, to organize specific consultative groups, as appropriate, when requested by the landlocked and transit developing countries concerned, to identify priority areas for action at the national and subregional levels and draw up action programmes;

"8. *Calls upon* donor countries, the United Nations Development Programme and multilateral financial and development institutions to provide landlocked and transit developing countries with predictable and additional financial and technical assistance in the form of grants or concessional loans for the construction, maintenance and improvement of their transport, storage and other transit-related facilities, including alternative routes and improved communications, and to promote subregional, regional and interregional projects and programmes;

"9. *Emphasizes* that assistance for the improvement of transit transport facilities and services should be integrated into the overall economic development strategies of the landlocked and transit developing countries and that donor assistance should consequently take into account the requirements for the long-term restructuring of the economies of the landlocked developing countries;

"10. *Notes* the important role that the simplification, harmonization and standardization of transit procedures and documentation as well as application of information technologies have played in enhancing the efficiency of transit systems, and calls upon the United Nations Conference on Trade and Development, in cooperation with other relevant organizations of the United Nations system, to increase its assistance to landlocked and transit developing countries in these areas;

"11. *Requests* the Secretary-General of the United Nations to convene in 2001, within the overall level of resources for the biennium 2000-2001, another meeting of governmental experts from landlocked and transit developing countries and representatives of donor countries and financial and development institutions, including relevant regional and subregional economic organizations and commissions, to review progress in the development of transit transport systems, including sectoral aspects and transit transportation costs, with a view to exploring the possibility of formulating necessary action-oriented measures, and to consider convening in 2003

a ministerial meeting on transit transport cooperation as a further effort to address the problems of landlocked and transit developing countries;

"12. *Requests* the Secretary-General of the United Nations Conference on Trade and Development, in cooperation with other development and financial institutions and donor countries, to seek voluntary contributions to ensure the participation of representatives of landlocked and transit developing countries at the meetings referred to in paragraph 11 above;

"13. *Notes with appreciation* the contribution of the United Nations Conference on Trade and Development to formulating international policies and measures dealing with the special problems of landlocked developing countries, and urges the Conference, *inter alia*, to constantly review the evolution of transit transport infrastructure facilities, institutions and services, monitor the implementation of agreed measures, including by means of a case study as necessary, promote regional and subregional cooperation, build up consensus on cooperative arrangements, mobilize international support measures, collaborate in all relevant initiatives, including those of the private sector and non-governmental organizations, and serve as a focal point for cross-regional issues of landlocked developing countries;

"14. *Invites* the Secretary-General of the United Nations, in consultation with the Secretary-General of the United Nations Conference on Trade and Development, to take appropriate measures for the effective implementation of the activities called for in the present resolution, and to provide, in accordance with General Assembly resolution 52/183, the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries of the Conference with identifiable regular budget resources for landlocked developing countries so as to allow it to implement effectively its mandate to continue to support landlocked developing countries;

"15. *Requests* the Secretary-General of the United Nations, together with the Secretary-General of the United Nations Conference on Trade and Development, to prepare a report on the implementation of the present resolution and submit it to the Trade and Development Board and to the General Assembly at its fifty-sixth session."

8. At the 44th meeting, on 1 December, the Vice-Chairman of the Committee, Giovanni Brauzzi (Italy), introduced a draft resolution entitled "Specific actions related to the particular needs and problems of landlocked developing countries" (A/C.2/54/L.56), which he submitted on the basis of informal consultations held on draft resolution A/C.2/54/L.37.

9. At the same meeting, the Secretary of the Committee read out a statement regarding the programme budget implications of draft resolution A/C.2/54/L.56.

10. Also at the 44th meeting, the Committee adopted draft resolution A/C.2/54/L.56 (see para. 19, draft resolution II).

11. Before the adoption of the draft resolution, a statement was made by the representative of the Lao People's Democratic Republic (see A/C.2/54/SR.44).

12. In the light of the adoption of draft resolution A/C.2/54/L.56, draft resolution A/C.2/54/L.37 was withdrawn by its sponsors.

C. Draft resolution A/C.2/54/L.40

13. At the 42nd meeting, on 18 November, the representative of Guyana, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Unilateral economic measures as a means of political and economic coercion against developing countries" (A/C.2/54/L.40).

14. At the 43rd meeting, on 24 November, the Vice-Chairman of the Committee, Giovanni Brauzzi (Italy), informed the Committee of the outcome of the informal consultations held on draft resolution A/C.2/54/L.40 (see A/C.2/54/SR.43).

15. At the same meeting, the representative of the United States of America requested a recorded vote on the draft resolution.

16. Also at its 43rd meeting, the Committee adopted draft resolution A/C.2/54/L.40 by a recorded vote of 94 to 2, with 43 abstentions (see para. 19, draft resolution III). The voting was as follows:[1]

In favour:

Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Bahamas, Bahrain, Bangladesh, Belarus, Belize, Benin, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Cambodia, Cameroon, Cape Verde, Chile, China, Colombia, Costa Rica, Cuba, Democratic People's Republic of Korea, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Gabon, Ghana, Grenada, Guatemala, Guyana, Haiti, India, Indonesia, Iran (Islamic Republic of), Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Lao People's Democratic Republic, Lebanon, Lesotho, Libyan Arab Jamahiriya, Madagascar, Malaysia, Maldives, Mali, Mauritius, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nigeria, Oman, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Russian Federation, Saint Lucia, Saudi Arabia, Senegal, Singapore, Solomon Islands, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Thailand, Togo, Tunisia, Uganda, United Arab Emirates, United Republic of Tanzania, Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Marshall Islands, United States of America.

Abstaining:

Andorra, Australia, Austria, Belgium, Bulgaria, Canada, Côte d'Ivoire, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Iceland, Ireland, Israel, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, San Marino, Slovenia, Spain, Sweden, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, Uzbekistan.

17. Before the adoption of the draft resolution, statements in explanation of vote were made by the representatives of Israel, the United States of America and the Syrian Arab Republic; after the adoption of the draft resolution, statements in explanation of vote were made by the representatives of Armenia and Finland, on behalf of the Member States of the United Nations that are members of the European Union (see A/C.2/54/SR.43).

[1] The delegation of Ethiopia subsequently indicated that, had it been present, it would have voted in favour and the delegation of Slovakia indicated that, had it been present, it would have abstained.

D. Draft decision proposed by the Chairman

18. At its 50th meeting, on 15 December, on the proposal of the Chairman, the Committee decided to recommend to the General Assembly that it take note of the following reports (see para. 20):

(a) Report of the Trade and Development Board on its nineteenth executive session, Geneva, 15 December 1998 (A/54/15 (Part I));

(b) Report of the Trade and Development Board on its twentieth executive session, Geneva, 5 February 1999 (A/54/15 (Part II));

(c) Report of the Trade and Development Board on its twenty-first executive session, Geneva, 1 July 1999 (A/54/15 (Part III));

(d) Report of the Trade and Development Board on its twenty-second executive session, Geneva, 15 October 1999 (A/54/15 (Part IV)).

III. Recommendations of the Second Committee

19. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
International trade and development

The General Assembly,

Reaffirming its resolutions 50/95 and 50/98 of 20 December 1995, 51/167 of 16 December 1996, 52/182 of 18 December 1997 and 53/170 of 15 December 1998, as well as relevant international agreements concerning trade, economic growth, development and interrelated issues,

Reaffirming the outcome of the ninth session of the United Nations Conference on Trade and Development, held at Midrand, South Africa,[2] which provides an important framework for promoting a partnership for growth and development,

Emphasizing that a favourable and conducive international economic and financial environment, and a positive investment climate are necessary for the economic growth of the world economy, including the creation of employment, in particular for the growth and development of developing countries, and emphasizing also that each country is responsible for its own economic policies for sustainable development,

Noting the need for multilateral trade liberalization, and noting also that a large number of developing countries have assumed the rights and obligations of the World Trade Organization without being able to reap full benefits of and participate fully in the multilateral trading system, and that there is a need for progress towards liberalization and enhanced market access, including in areas and products of particular interest to developing countries,

[2] *Proceedings of the United Nations Conference on Trade and Development, Ninth Session, Midrand, Republic of South Africa, 27 April-11 May 1996, Report and Annexes* (United Nations publication, Sales No. E.97.II.D.4), part one, sect. A.

Noting also the importance of assisting developing countries in building their capacity to engage effectively in international trade,

Stressing that full and faithful implementation of the commitments and obligations in multilateral trade agreements is important to the equitable and sustainable development and stability of the world economy,

Strongly emphasizing the importance of providing all members of the World Trade Organization with the opportunity to engage fully and effectively in the process of multilateral trade negotiations and in other activities within the multilateral trading system, in order to facilitate the attainment of balanced results with respect to the interests of all members,

Taking note of the report of the Trade and Development Board on its forty-sixth session,[3] and the report of the Secretary-General of the United Nations Conference on Trade and Development on specific actions related to the particular needs and problems of landlocked developing countries,[4]

Noting, in the context of international trade and development, the ongoing work of the Commonwealth Secretariat/World Bank Joint Task Force on Small States,

Taking note of the report of the Secretary-General,[5]

1. *Recognizes* the importance of the expansion of international trade as an engine of growth and development and, in this context, the need for expeditious and complete integration of developing countries and countries with economies in transition into the international trading system, in full cognizance of the opportunities and challenges of globalization and liberalization and taking into account the circumstances of individual countries, in particular the trade interests and development needs of developing countries;

2. *Renews its commitment* to uphold and strengthen an open, rule-based, equitable, secure, non-discriminatory, transparent and predictable multilateral trade system, which contributes to the economic and social advancement of all countries and peoples by promoting the liberalization and expansion of trade, employment and stability and by providing a framework for the conduct of international trade relations;

3. *Expresses concern* at the declining terms of trade in primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in diversification, and in this regard strongly emphasizes the need for actions at both national and international levels, *inter alia*, through improved market access conditions and support for capacity-building;

4. *Recognizes* that the substantial improvement of market access for exports of goods and services from developing countries through, *inter alia*, the reduction or removal of tariff and non-tariff barriers, should be a high priority for multilateral trade negotiations, and in this regard notes the needs and concerns of some countries with economies in transition;

5. *Deplores* any attempt to bypass or undermine multilaterally agreed procedures on the conduct of international trade by unilateral actions inconsistent with the multilateral trade rules and regulations, including those agreed upon in the Uruguay Round of multilateral trade negotiations;

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[3] A/54/15 (Part V). For the final text, see *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 15*.

[4] A/54/529, annex.

[5] A/54/304.

6. *Expresses concern* about the proliferation of anti-dumping and countervailing measures, and stresses that they should not be used as protectionist measures;

7. *Reaffirms* the role of the United Nations Conference on Trade and Development as the focal point within the United Nations for the integrated treatment of development and related issues in the areas of trade, finance, technology, investment and sustainable development;

8. *Welcomes* the progress made so far in the preparations for the tenth session of the United Nations Conference on Trade and Development, to be held at Bangkok from 12 to 19 February 2000, by the Trade and Development Board and the host Government, considers that the tenth session of the Conference will provide, *inter alia*, an important opportunity for the United Nations system and the international community to engage in a collective reflection on development so as to reach a consensus on development strategies in an increasingly interdependent world by applying lessons of the past to making globalization an effective instrument for the development of all countries and all people, through which the international community should undertake a rigorous and balanced review of the policy and institutional framework for global trade and finance, and that, in this context, the Conference will provide member States with an opportunity to take stock of and review the major international economic initiatives and developments, in particular those that have taken place since the ninth session of the Conference, and urges the Conference to consider the strategies and policies that are most likely to ensure the successful integration of all countries concerned, particularly the developing countries, into the world economy on an equitable basis and to avoid the risk of further marginalization;[6]

9. *Reiterates* the importance of continued trade liberalization in developed and developing countries, including in sectors of export interest to developing countries, through, *inter alia*:

(a) Substantial reductions of tariffs, the rolling back of tariff peaks and the removal of tariff escalation;

(b) The elimination of trade-distorting policies, protectionist practices and non-tariff barriers in international trade relations;

(c) Ensuring that resort to anti-dumping duties, countervailing duties, phytosanitary regulations and technical standards is subjected to effective multilateral surveillance so that such measures respect and are consistent with multilateral rules and obligations and are not used for protectionist purposes;

(d) The improvement and renewal, by preference-giving countries, of their Generalized System of Preferences schemes with the objective of integrating developing countries, especially the least developed countries, into the international trading system and of finding ways and means to ensure more effective utilization of the Generalized System of Preferences schemes, and in this context reiterates its original principles, namely, non-discrimination, universality, burden-sharing and non-reciprocity;

10. *Also reiterates* that it is an ethical imperative for the international community to arrest and reverse the marginalization of the least developed countries and to promote their expeditious integration into the world economy and that all countries should work together towards further enhanced market access for exports from the least developed countries within the context of supporting their own efforts at capacity-building; welcomes the initiatives taken by the World Trade Organization in cooperation with other

[6] As reflected in document TD/B/EX(20)/L.1.

organizations in the implementation of the Plan of Action for the Least Developed Countries adopted at its first Ministerial Conference, held at Singapore from 9 to 13 December 1996, including through effective follow-up to the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, held at Geneva on 27 and 28 October 1997, taking note of the proposals adopted by the Least Developed Countries' Coordinating Workshop held in South Africa in June 1999; recognizes that the full implementation of the Plan of Action requires further and expeditious progress towards duty-free imports from the least developed countries; and invites the relevant international organizations to provide the enhanced technical assistance required to help strengthen the supply capacity of the least developed countries so as to help them to take the fullest possible advantage of trading opportunities arising from globalization and liberalization; and welcomes the holding of the Third United Nations Conference on the Least Developed Countries at Brussels in 2001;

11. *Stresses* the urgent need to facilitate the integration of the countries of Africa into the world economy, and in this context welcomes the action-oriented agenda for the development of Africa contained in the report of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa,[7] and endorses the call, contained in the ministerial communiqué adopted by the Economic and Social Council on 8 July 1998,[8] for continued efforts to enhance market access for products of export interest to African economies and support for their efforts at diversification and building of supply capacity, and in this context requests the United Nations Conference on Trade and Development to continue to enhance its contribution to the United Nations New Agenda for the Development of Africa in the 1990s,[9] taking into account the agreed conclusions of the Trade and Development Board on Africa;[10]

12. *Requests* the Secretary-General to ensure the initiation by the United Nations Conference on Trade and Development, in the areas falling within its mandate, of the preparatory process for the final review and appraisal of the implementation of the New Agenda to be held in 2002, in particular focusing on market access, diversification and supply capacity, resource flows and external debt, foreign direct and portfolio investment and access to technology, and in this context also requests the Secretary-General to present a report, based on the recommendations of the Trade and Development Board on Africa, on measures taken in this regard, with a special emphasis on African trade issues, for the consideration of the General Assembly at its fifty-sixth session under the agenda item entitled "International trade and development";

13. *Stresses* the need to give special attention, within the context of international cooperation on trade and development issues, to the implementation of the many international development commitments geared to meeting the special development needs and problems of small island developing States and of landlocked developing countries and to recognize that those developing countries that provide transit services need adequate support in maintaining and improving their transit infrastructure;

14. *Endorses* the relevant provisions of the twenty-second special session of the General Assembly for the review and appraisal of the implementation of the Programme

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[7] A/52/871-S/1998/318; see *Official Records of the Security Council, Fifty-third Year, Supplement for April, May and June 1998*, document S/1998/318.

[8] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 3* (A/54/3), chap. IV, para. 5.

[9] Resolution 46/151, annex, sect. II.

[10] A/54/15 (Part V), chap. I, sect. C, agreed conclusions 458 (XLVI). For the final text, see *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 15.*

of Action for the Sustainable Development of Small Island Developing States[11] and in this context reiterates the need for the United Nations Conference on Trade and Development to enhance its contribution to the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States;[12]

15. *Reiterates* the importance of the effective application by all members of the World Trade Organization of all provisions of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations,[13] taking into account the specific interests of developing countries so as to maximize economic growth and development benefits for all, and the need for the effective implementation of the special provisions in the multilateral trade agreements and related ministerial decisions in favour of developing countries, particularly making operational the previously agreed special and differential provisions, including the strengthening of these concepts, taking into account the changing realities of world trade and of globalization, and urges Governments and concerned international organizations to apply effectively the Ministerial Decisions on Measures in Favour of Least Developed Countries and on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries;[13]

16. *Recognizes* that it is important that the momentum towards increased trade liberalization, particularly as regards areas and products of interest to developing countries, be maintained and that further liberalization be sufficiently broad-based to respond to the range of interests and concerns of all members, within the framework of the World Trade Organization, and in this regard welcomes the activities of the United Nations Conference on Trade and Development aimed at assisting developing countries in developing a positive agenda for the future multilateral trade negotiations and invites the Conference to continue to provide analytical support and technical assistance, including capacity-building activities, to those countries for their effective participation in the negotiations;

17. *Invites* members of the international community to consider the interests of non-members of the World Trade Organization in the context of trade liberalization;

18. *Invites* the international financial institutions to ensure that, in their development cooperation activities with developing countries, the obligations of the latter with regard to their development policies, strategies and programmes in trade and trade-related areas are consistent with their commitments under the framework of rules agreed within the multilateral trading system;

19. *Emphasizes* the importance of the strengthening of, and the attainment of greater universality by, the international trading system and of accelerating the process directed towards accession to the World Trade Organization of developing countries and countries with economies in transition, and also emphasizes the necessity for Governments that are members of the World Trade Organization and relevant international organizations to assist non-members of the World Trade Organization so as to facilitate their efforts with respect to accession in an expeditious and transparent manner, on the basis of undertaking balanced World Trade Organization rights and obligations, and for the United Nations Conference on Trade and Development and the World Trade Organization to provide the technical

[11] See resolution S-22/2.

[12] *Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994* (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II.

[13] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

assistance, within their mandates, that will contribute to the rapid and full integration of those countries into the multilateral trading system;

20. *Stresses* the need for improved measures to address the volatility of short-term capital flows as well as the effects of financial crisis on the international trading system and the development prospects of developing countries and the countries affected by such crisis, emphasizing that keeping all markets open and maintaining continued growth in world trade are key elements in overcoming such a crisis, and in this context rejects the use of any protectionist measures; at a broader level, there is a need for greater coherence between the development objectives agreed to by the international community and the functioning of the international trading and financial system, and in this context calls for close cooperation between the organizations of the United Nations system and the multilateral trade and financial institutions, with the participation of their secretariats and the Member and observer States of the United Nations;

21. *Requests* the Secretary-General, in scheduling and organizing mandated events on trade and trade-related issues, to promote complementarity in the work of the relevant bodies of the United Nations system and with other international organizations, with the participation of their secretariats and the Member and observer States of the United Nations, as appropriate, bearing in mind the mandate of the United Nations Conference on Trade and Development;

22. *Recognizes* the importance of open regional economic integration in the creation of new opportunities for expanding trade and investment, stresses the importance of those initiatives being in conformity with World Trade Organization rules, where applicable, and, bearing in mind the primacy of the multilateral trading system, affirms that regional trade agreements should be outward-oriented and supportive of the multilateral trading system, and in this context invites Governments and intergovernmental and multilateral institutions to continue to provide support to economic integration among developing countries as well as among countries with economies in transition;

23. *Requests* the United Nations Conference on Trade and Development to continue to identify and analyse the implications for development of issues relevant to investment, as well as to identify ways and means to promote foreign direct and portfolio investment directed to all developing countries, taking into account their interests, in particular to those most in need, as well as to those countries with economies in transition with similar needs, and bearing in mind the work undertaken by other organizations, including regional commissions;

24. *Emphasizes* that the dispute settlement mechanism of the World Trade Organization is a key element with regard to the integrity and credibility of the multilateral trading system and the full realization of the benefits anticipated from the conclusion of the Uruguay Round of multilateral trade negotiations;

25. *Strongly emphasizes* the need for technical assistance, including legal assistance, to developing countries, through, *inter alia*, the newly established Advisory Centre on World Trade Organization Law and other mechanisms, to enable those countries to take the fullest possible advantage of the dispute settlement mechanism of the World Trade Organization, based on multilaterally agreed rules and regulations, and also in this context emphasizes that it is important for the United Nations Conference on Trade and Development to strengthen its technical assistance to developing countries, in particular the least developed countries, landlocked developing countries and small island developing States in this area;

26. *Notes* the increasing importance and application of electronic commerce in international trade and the need to strengthen the capacities of developing countries to

participate effectively in electronic commerce, and urges the organizations of the United Nations system, within their mandates and in cooperation with other relevant bodies, with the participation of their secretariats and the Member and observer States of the United Nations, the United Nations Conference on Trade and Development, the International Telecommunication Union, the International Trade Centre and the regional commissions, to continue to assist developing countries and countries with economies in transition and, in this regard, emphasizes the need for analysis of the fiscal, legal and regulatory aspects of electronic commerce as well as its implications for the trade and development prospects of developing countries;

27. *Stresses* the importance of assisting developing countries and interested countries with economies in transition in improving the efficiency of trade-supporting services, *inter alia*, through the elimination of procedural barriers and by greater use of trade facilitating mechanisms, particularly in the areas of transport, customs, banking and insurance, and business information, especially in the case of small and medium-sized enterprises, and in this respect invites the United Nations Conference on Trade and Development, within its mandate, in collaboration with other relevant bodies of the United Nations, including the regional commissions, to continue to assist these countries in these areas;

28. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to provide, in collaboration with other relevant bodies, substantive inputs on the role of information and communications technology in trade, finance, investment and related areas to the Economic and Social Council at the high-level segment of its substantive session of 2000;

29. *Requests* the Secretary-General of the United Nations, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its fifty-fifth session on the implementation of the present resolution and the developments in the multilateral trading system.

Draft resolution II
Specific actions related to the particular needs and problems of landlocked developing countries

The General Assembly,

Recalling the provisions of its resolutions 44/214 of 22 December 1989, 46/212 of 20 December 1991, 48/169 of 21 December 1993, 50/97 of 20 December 1995 and 52/183 of 18 December 1997 and the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community[14] as well as the relevant parts of the Agenda for Development,[15]

Recognizing that the lack of territorial access to the sea, aggravated by remoteness and isolation from world markets, and prohibitive transit costs and risks impose serious constraints on the overall socio-economic development efforts of the landlocked developing countries,

Recognizing also that sixteen of the landlocked developing countries are also classified by the United Nations as least developed countries and that their geographical situation is an added constraint on their overall ability to cope with the challenges of development,

[14] TD/B/42(1)/11-TD/B/LDC/AC.1/7, annex I.

[15] Resolution 51/240, annex.

Recognizing further that most transit countries are themselves developing countries facing serious economic problems, including the lack of adequate infrastructure in the transport sector,

Noting the importance of continuing to strengthen the existing international support measures with a view to addressing further the problems of landlocked developing countries,

Emphasizing the importance of further strengthening effective and close cooperation and collaboration between landlocked developing countries and their transit neighbours, at regional, subregional and bilateral levels, *inter alia*, through cooperative arrangements in developing efficient transit transport systems in landlocked and transit developing countries, and noting the important role of the activities of the regional commissions in this regard,

Welcoming the holding of the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, in New York from 24 to 26 August 1999,

Expressing its appreciation to donor partners for participating in the fourth Meeting of Governmental Experts and for the generous contribution that facilitated the participation of landlocked developing countries,

1. *Welcomes* the note by the Secretary-General transmitting the progress report of the secretariat of the United Nations Conference on Trade and Development on specific actions related to the particular needs and problems of landlocked developing countries;[16]

2. *Welcomes* the agreed conclusions and recommendations for future action adopted by the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions;[17]

3. *Reaffirms* the right of access of landlocked countries, including landlocked developing countries, to and from the sea and freedom of transit through the territory of transit States by all means of transport, in accordance with international law;

4. *Also reaffirms* that transit countries, in the exercise of their full sovereignty over their territory, have the right to take all measures necessary to ensure that the rights and facilities provided for landlocked countries, including landlocked developing countries, in no way infringe upon their legitimate interests;

5. *Calls upon* the landlocked developing countries and their transit neighbours to implement measures to further strengthen their cooperative and collaborative efforts to deal with transit transport issues, including bilateral and, as appropriate, subregional cooperation, *inter alia*, by improving the physical infrastructure and non-physical aspects of transit transport systems, strengthening and concluding, where appropriate, bilateral and subregional agreements to govern transit transport operations, developing joint ventures in the area of transit transport and strengthening institutions and human resources dealing with transit transport, and, in this respect, notes that South-South cooperation also plays an important role in this field;

6. *Appeals once again* to all States, international organizations and financial institutions to implement, as a matter of urgency and priority, the specific actions related to the particular needs and problems of landlocked developing countries agreed upon in the resolutions and declarations adopted by the General Assembly, the outcome of recent major

[16] A/54/529.

[17] Ibid., sect. II.

United Nations conferences relevant to landlocked developing countries and the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community[14] and to take fully into account the agreed recommendations and conclusions of the fourth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions;

7. *Welcomes* the continuing efforts being made by the Secretary-General of the United Nations Conference on Trade and Development, in collaboration with donor countries and institutions, in particular the United Nations Development Programme, the regional commissions and relevant subregional institutions, to organize specific consultative groups, as appropriate, when requested by the landlocked and transit developing countries concerned, to identify priority areas for action at the national and subregional levels and draw up action programmes;

8. *Invites* donor countries, the United Nations Development Programme and multilateral financial and development institutions to provide landlocked and transit developing countries with appropriate financial and technical assistance in the form of grants or concessional loans for the construction, maintenance and improvement of their transport, storage and other transit-related facilities, including alternative routes and improved communications, and to promote subregional, regional and interregional projects and programmes, and, in this regard, also to consider, *inter alia*, improving the availability and optimal use of the different transport modes and intermodal efficiency along transport corridors;

9. *Emphasizes* that assistance for the improvement of transit transport facilities and services should be integrated into the overall economic development strategies of the landlocked and transit developing countries and that donor assistance should consequently take into account the requirements for the long-term restructuring of the economies of the landlocked developing countries;

10. *Notes* the important role that the simplification, harmonization and standardization of transit procedures and documentation as well as the application of information technologies have played in enhancing the efficiency of transit systems, and calls upon the United Nations Conference on Trade and Development, in cooperation with other relevant organizations of the United Nations system, to continue to assist landlocked and transit developing countries in these areas, in accordance with their mandates;

11. *Requests* the Secretary-General of the United Nations to convene in 2001, within the overall level of resources for the biennium 2000-2001, another meeting of governmental experts from landlocked and transit developing countries and representatives of donor countries and financial and development institutions, including relevant regional and subregional economic organizations and commissions, to review progress in the development of transit transport systems, including sectoral aspects and transit transportation costs, with a view to exploring the possibility of formulating necessary action-oriented measures;

12. *Requests* the fifth Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions to consider a proposal made at the fourth Meeting to convene in 2003 a ministerial meeting on transit transport issues so as to give appropriate emphasis to the problems of landlocked and transit developing countries;

13. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to seek voluntary contributions to ensure the participation of representatives

of landlocked and transit developing countries at the meeting referred to in paragraph 11 above;

14. *Notes with appreciation* the contribution of the United Nations Conference on Trade and Development to formulating international policies and measures dealing with the special problems of landlocked developing countries, *inter alia*, through technical cooperation programmes, and urges the Conference, *inter alia*, to keep under constant review the evolution of transit transport infrastructure facilities, institutions and services, monitor the implementation of agreed measures, *inter alia*, by means of a case study as necessary, promote regional and subregional cooperation, build up consensus on cooperative arrangements, mobilize international support measures, collaborate in all relevant initiatives, including those of the private sector and non-governmental organizations, and serve as a focal point for cross-regional issues of landlocked developing countries;

15. *Invites* the Secretary-General of the United Nations, in consultation with the Secretary-General of the United Nations Conference on Trade and Development, to take appropriate measures for the effective implementation of the activities called for in the present resolution, and to provide, in accordance with General Assembly resolution 52/183, the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries with adequate resources so as to allow it to implement effectively its mandate to continue to support landlocked developing countries;

16. *Requests* the Secretary-General of the United Nations, together with the Secretary-General of the United Nations Conference on Trade and Development, to prepare a report on the implementation of the present resolution and submit it to the Trade and Development Board and to the General Assembly at its fifty-sixth session.

Draft resolution III
Unilateral economic measures as a means of political and economic coercion against developing countries

The General Assembly,

Recalling the relevant principles set forth in the Charter of the United Nations,

Reaffirming the Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations,[18] which states, *inter alia*, that no State may use or encourage the use of unilateral economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights,

Bearing in mind the general principles governing the international trading system and trade policies for development contained in relevant resolutions, rules and provisions of the United Nations and the World Trade Organization,

Recalling its resolutions 44/215 of 22 December 1989, 46/210 of 20 December 1991, 48/168 of 21 December 1993, 50/96 of 20 December 1995 and 52/181 of 18 December 1997,

Gravely concerned that the use of unilateral coercive economic measures adversely affects the economy and development efforts of developing countries in particular and has a general negative impact on international economic cooperation and on worldwide efforts to move towards a non-discriminatory and open multilateral trading system,

[18] Resolution 2625 (XXV), annex.

1. *Takes note* of the report of the Secretary-General;[19]

2. *Urges* the international community to adopt urgent and effective measures to eliminate the use of unilateral coercive economic measures against developing countries that are not authorized by relevant organs of the United Nations or are inconsistent with the principles of international law as set forth in the Charter of the United Nations and that contravene the basic principles of the multilateral trading system;

3. *Requests* the Secretary-General to continue to monitor the imposition of measures of this nature and to study the impact of such measures on the affected countries, including the impact on trade and development;

4. *Also requests* the Secretary-General to submit a report to the General Assembly at its fifty-sixth session on the implementation of the present resolution.

20. The Second Committee also recommends to the General Assembly the adoption of the following draft decision:

Documents relating to trade and development

The General Assembly takes note of the following reports:

(a) Report of the Trade and Development Board on its nineteenth executive session, Geneva, 15 December 1998 (A/54/15 (Part I));

(b) Report of the Trade and Development Board on its twentieth executive session, Geneva, 5 February 1999 (A/54/15 (Part II));

(c) Report of the Trade and Development Board on its twenty-first executive session, Geneva, 1 July 1999 (A/54/15 (Part III));

(d) Report of the Trade and Development Board on its twenty-second executive session, Geneva, 15 October 1999 (A/54/15 (Part IV)).

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[19] A/54/486.

United Nations A/54/585/Add.3/Corr.1

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Agenda item 97 (c)

Macroeconomic policy questions: trade and development

Report of the Second Committee*

Rapporteur: Mr. Hassam Edin **A'Ala** (Syrian Arab Republic)

Corrigendum

Paragraph 17 *should read*

17. Before the adoption of the draft resolution, statements in explanation of vote were made by the representatives of Israel and the United States of America; after the adoption of the draft resolution, statements in explanation of vote were made by the representatives of Armenia and Finland, on behalf of the States Members of the United Nations that are members of the European Union (see A/C.2/54/SR.43).

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Macroeconomic policy questions: science and technology for development

Report of the Second Committee*

Rapporteur: Mr. Hussam Edin **A'Ala** (Syrian Arab Republic)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 97 (see A/54/585, para. 2). Action on sub-item (d) was taken at the 15th and 44th meetings, on 19 November and 1 December 1999. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/54/SR.15 and 44).

II. Consideration of draft resolutions A/C.2/54/L.4 and A/C.2/54/L.48

2. At the 15th meeting, on 19 October, the representative of Guyana, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Science and technology for development" (A/C.2/54/L.4), which read:

"*The General Assembly*,

"*Reaffirming* the continuing validity of the Vienna Programme of Action on Science and Technology for Development, adopted in 1979, its resolution 52/184 of 18 December 1997, and all other relevant United Nations resolutions and decisions, as well as the outcomes of major United Nations conferences and their five-year reviews concerning science and technology for development,

* The report of the Committee on this item will be issued in six parts, under the symbol A/54/585 and Add 1-5.

99-37223 (E) 081299

"*Reaffirming also* the common vision of science and technology as a common heritage of mankind in which the entitlement to the knowledge and its derived benefits for development should not be restricted,

"*Stressing* that the pace of globalization is influenced in large measure by the development of science and technology and that developing countries should be assisted to become well-equipped with the knowledge of science and technology so as to enable them to benefit from the opportunities offered by globalization and avoid the risk of their marginalization in the process of globalization,

"*Noting* with concern the introduction of agricultural seedlings that would impair predictable season-to-season harvests and crop production in developing countries,

"*Recognizing* the importance of establishing and strengthening partnership and networking between firms from the South and the North to build and strengthen the technological capabilities and skills needed for developing countries to compete in the international markets,

"*Recognizing also* that information technologies are important requisites for planning, development and decision-making in science and technology, and recognizing also their far-reaching implications for society,

"*Noting* the work being undertaken by the Commission on Science and Technology for Development in its work programme for member States, especially the developing countries, and reaffirming its unique role as a global forum for examining science and technology questions, improving the understanding of science and technology policies and formulating recommendations and guidelines on science and technology matters within the United Nations system, in relation to development,

"*Expressing its profound concern* over the continued inadequacy of resources for fostering science and technology for development, and the lack of political will to fulfil the commitments for provision of new and additional resources in this respect,

"*Expressing its concern* over the fact that the developing countries are increasingly facing obstacles in respect of accessing new technologies, with export restrictions being imposed under various pretexts, and emphasizes that intellectual property rights regimes should not increase the cost of technology transfer to developing countries,

"*Expressing its concern* over the dominant role of large private industry groups in biotechnology, particularly in agriculture, pharmaceutical and health care, whose interests may lead to the control and prevention of dissemination of research knowledge that could benefit mankind,

"*Taking note* of the report of the Secretary-General on macroeconomic policy questions: science and technology for development,

"1. *Reaffirms* the important role that the United Nations should play in the promotion of cooperation in science and technology as one of its priorities, and in the enhancement of support and assistance to developing countries in their efforts to achieve sustained economic growth and sustainable development, and emphasizes the need to enhance the capability of the relevant United Nations organizations and bodies, especially the United Nations Conference on Trade and Development and the Commission on Science and Technology for Development, to address relevant issues in the field of science and technology;

"2. *Reaffirms* Economic and Social Council resolution 1999/61 of 30 July 1999, in which the Council approved the provisional agenda and substantive theme for the fifth session of the Commission on Science and Technology for Development;

"3. *Recognizes* the role of the Commission on Science and Technology for Development in coordinating the activities of the United Nations system in the area of science and technology for development, and emphasizes the importance of the activities that are to be pursued within the framework of the Commission, including a broad spectrum of new global challenges in science and technology, and encourages support to these undertakings;

"4. *Recognizes also* the importance for developing countries of having access to science and technology so as to enhance their productivity and competitiveness in the world market, and stressing the need to promote, facilitate and finance, as appropriate, access to and transfer of environmentally sound technologies and the corresponding know-how, including privately owned technologies, in particular to the developing countries, on concessional, preferential and favourable terms, taking into account the special needs of developing countries;

"5. *Reaffirms* that capacity-building in science and technology in developing countries should remain a priority issue in the United Nations agenda, and urges that international cooperation efforts be intensified and strengthened towards developing countries' endogenous capacity-building in science and technology, including their capacity to utilize scientific and technological developments from abroad as well as to modify and adapt them to suit local conditions;

"6. *Recognizes* the role of the public and private sector in science and technology for development, in particular in the transfer and development of science and technology capabilities;

"7. *Reiterates* the importance of facilitating the transfer of technology to developing countries, in particular in knowledge-intensive sectors, with the objective of enhancing technological capacities and capabilities and skills in developing countries;

"8. *Emphasizes* the role of partnership and networking mechanisms for the integration of developing countries into the world economy, in particular by strengthening national capacity-building, promoting market access across a large number of sectors and industries, dissemination of new business and management cultures, especially among small and medium-sized enterprises, and expanding opportunities for them to leverage their own research and development activities;

"9. *Reaffirms* the need to fulfil the commitments on the provision of financial resources and transfer of technology contained in chapter 34 of Agenda 21, the outcome of the nineteenth special session of the General Assembly and the Agenda for Development;

"10. *Recognizes* that, while applications of agricultural biotechnology in developing countries, if associated with the capacity to ensure their compatibility with human health and developing countries' ecosystems, provide viable opportunities for improving productivity and increasing production capacity in the agricultural sector, developing countries have limited access to such technologies and face a number of impediments in their development of biotechnology;

"11. *Calls* for farmer-friendly biotechnology that will foster crop reproduction, improve season-to-season harvests while enhancing economic growth and the sustainable development of developing countries;

"12. *Encourages* the Commission on Science and Technology for Development to expand, to the extent possible, the scope of its deliberations on the theme 'National capacity-building in biotechnology' with particular attention to agriculture and the agro-industry, health and environment for the inter-sessional period 1999-2001, and stresses the necessity of promoting linkages and partnership among public and private sectors and centres of excellence and networks in developed and developing countries with the objective of strengthening national research capability and capacity in biotechnology in developing countries;

"13. *Stresses* the need to establish science and technology as a cross-cutting theme within the work of the United Nations, particularly through effective and better coordination, including international cooperation in technology assessment, monitoring and forecasting, as well as in the area of information and communication technologies, partnership and networking for innovative and new technologies, in biotechnology and in providing an environment conducive to the development of new environmentally sound technologies, and calls upon United Nations organizations, funds and programmes to work in a coordinated manner to develop a catalogue of proven technologies to enable developing countries to make effective choices in state-of-the-art technologies;

"14. *Encourages* the United Nations system to ensure, where appropriate in its operational activities, the provision for the transfer of appropriate technical know-how and technological skills to developing countries;

"15. *Reaffirms* the need for adequate financial resources on a continuous and assured basis to foster science and technology for development, in particular to promote endogenous capacity-building in developing countries in accordance with their priorities;

"16. *Emphasizes* that the barriers and restrictions on the transfer of technology to developing countries, including new technology regimes established unilaterally and/or plurilaterally, should be removed, while fiscal and other incentives for the transfer of new and innovative technologies should be provided, and in this regard invites relevant international bodies to review and ensure that the agreement on trade-related aspects of intellectual property rights does not hinder the acquisition by developing countries of appropriate technologies;

"17. *Recognizes* the importance of cooperation among developing countries in the field of science and technology, building on their complementarities, and the need to further advance such cooperation, through the establishment and/or the strengthening of national technology and information centres in developing countries and their networking on regional, subregional, interregional and global levels to promote technology research, training and dissemination as well as joint projects in developing countries, and urges the organizations and bodies of the United Nations system and other relevant international, regional and subregional organizations and programmes to provide continued and enhanced support, through technical assistance and financing for such efforts, further calls for cooperation between centres of excellence, universities and research institutions, and urges the international community to support such initiatives through financial and technical assistance;

"18. *Invites* the relevant bodies of the United Nations system to provide assistance and promote cooperation in the area of partnership and networking, biotechnology, information and communication technologies, including in the design and implementation of national strategies on such technologies or mechanisms;

"19. *Requests* the Secretary-General to present, through the Economic and Social Council, to the General Assembly at its fifty-fifth session, for its consideration, proposals for strengthening the coordination of mechanisms on the Commission on Science and Technology for Development within the United Nations Conference on Trade and Development in order to ensure coordination of the various efforts and activities in the area of new and innovative technologies and their applications, such as in electronic commerce, with the objective of promoting complementarity of activities within the United Nations system;

"20. *Requests* the Secretary-General to submit to the General Assembly at its fifty-fifth session a report on the progress made in the implementation of the present resolution."

3. In introducing the draft resolution, the representative of Guyana orally revised operative paragraph 19 by inserting the words "in particular, information and communication technologies" after the words "of new and innovative technologies".

4. At the 44th meeting, on 1 December, the Vice-Chairman of the Committee, Giovanni Brauzzi (Italy), introduced a draft resolution entitled "Science and technology for development" (A/C.2/54/L.48), which he submitted on the basis of informal consultations held on draft resolution A/C.2/54/L.4.

5. At the same meeting, the Committee adopted draft resolution A/C.2/54/L.48 (see para. 7).

6. In the light of the adoption of draft resolution A/C.2/54/L.48, draft resolution A/C.2/54/L.4 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Science and technology for development

The General Assembly,

Reaffirming the continuing validity of the Vienna Programme of Action on Science and Technology for Development,[1] adopted in 1979, its resolution 52/184 of 18 December 1997 and all other relevant United Nations resolutions and decisions, as well as the outcomes of major United Nations conferences and their five-year reviews concerning science and technology for development,

Taking note of those outcomes, including the Science Agenda: Framework for Action, adopted by the World Conference on Science, held at Budapest from 26 June to 1 July 1999,

[1] *Report of the United Nations Conference on Science and Technology for Development, Vienna, 20-31 August 1979* (United Nations publication, Sales No. E.79.I.21 and corrigenda), chap. VII.

Noting that issues related to utilizing science and technology for development were dealt with in the "Partners for Development" summit held at Lyon under the auspices of the United Nations Conference on Trade and Development from 9 to 12 November 1998,

Reaffirming the Common Vision on the future of science and technology for development[2] as approved by the Commission on Science and Technology for Development at its fourth session, which stated that science and technology should be considered the common heritage of mankind and should be shared,

Stressing that the pace of globalization is influenced in large measure by the development of science and technology and that developing countries should be assisted in becoming well equipped with the knowledge of science and technology as well as the practical skills associated with technology management so as to enable them to benefit from the opportunities offered by globalization and avoid the risk of their marginalization in the process of globalization,

Recognizing the importance of establishing and strengthening partnership and networking among public and private sectors and academic institutions from the South and the North to build and strengthen the technological capabilities and skills needed for developing countries to compete in the international markets,

Recognizing also that information technologies are important requisites of research, planning, development and decision-making in science and technology, and that they have far-reaching implications for society,

Noting the work being undertaken by the Commission in its work programme for Member States, especially for the developing countries, and its work with some countries with economies in transition, and reaffirming its unique role as a global forum for examining science and technology questions, improving the understanding of science and technology policies and formulating recommendations and guidelines on science and technology matters within the United Nations system in relation to development,

Recognizing the need for adequate resources, including through provision of new and additional resources from all sources, to be devoted to fostering science and technology for development,

Recognizing also the need to address the obstacles faced by developing countries in accessing new technologies, while taking into account the need to protect intellectual property rights and the special needs of developing countries,

Recognizing further the need for dissemination of research knowledge and sharing of technologies and expertise in the field of biotechnology, in particular in the areas of agriculture, pharmaceuticals and health care, that could benefit mankind,

Taking note of the report of the Secretary-General,[3]

1. *Reaffirms* the important role that the United Nations should play in the promotion of cooperation in science and technology as one of its priorities, and in the enhancement of support and assistance to developing countries in their efforts to achieve sustainable development, and emphasizes the need to enhance the capability of the relevant United Nations organizations, including the United Nations Conference on Trade and Development, to address relevant issues in the field of science and technology;

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[2] See *Official Records of the Economic and Social Council, 1999, Supplement No. 11* (E/1999/31), chap. IV, para. 22.

[3] A/54/270 and Corr.1.

2. *Recalls* Economic and Social Council resolution 1999/61 of 30 July 1999, and Council decision 274 of 28 July 1999 in which the Council approved the provisional agenda and substantive theme for the fifth session of the Commission on Science and Technology for Development;

3. *Recognizes* the role of the Commission in coordinating the activities of the United Nations system in the area of science and technology for development, emphasizes the importance of the activities that are to be pursued within the framework of the Commission, including a broad spectrum of new global challenges in science and technology, and encourages support to these undertakings;

4. *Also recognizes* the importance for developing countries of having access to science and technology so as to enhance their productivity and competitiveness in the world market, and stresses the need to promote, facilitate and finance, as appropriate, access to and transfer of environmentally sound technologies and the corresponding know-how, in particular to the developing countries, on concessional, preferential and favourable terms, as mutually agreed, taking into account the need to protect intellectual property rights and the special needs of developing countries;

5. *Further recognizes* the role of Governments in science and technology for development, in particular in providing appropriate regulatory frameworks and incentives for the development of science and technology;

6. *Stresses* the role of Governments and international development institutions in facilitating the transfer of privately owned technologies on concessional terms, as mutually agreed, to developing countries, especially the least developed countries;

7. *Recognizes* the role of partnership among the public and private sectors, academic research centres and international funding agencies in science and technology for development, in particular in the transfer, creation and development of science and technology capabilities;

8. *Reaffirms* that capacity-building in science and technology in developing countries should remain a priority issue in the United Nations agenda, and urges that international cooperation efforts be intensified and strengthened towards developing countries' endogenous capacity-building in science and technology, including their capacity to utilize scientific and technological developments from abroad as well as to modify and adapt them to suit local conditions;

9. *Recognizes* the role of the public and private sectors, industry and academia in science and technology for development, in particular in the transfer and development of science and technology capabilities;

10. *Stresses* the importance of facilitating the transfer of technology to developing countries, in particular in knowledge-intensive sectors, with the objective of enhancing technological capacities, capabilities and skills in developing countries;

11. *Recognizes* the need for Governments and regional and international bodies to take measures to ensure better access to and participation in scientific and technological areas for women, especially where they are not represented or are under-represented, bearing in mind the important role that they can play in further developing innovation and methodologies for science and technology;

12. *Emphasizes* the role of partnership and networking mechanisms for the integration of developing countries and countries with economies in transition into the world economy, in particular by strengthening national capacity-building, promoting market access across a large number of sectors and industries, disseminating new business and management

cultures, especially among small and medium-sized enterprises, and expanding opportunities for them to leverage their own research and development activities;

13. *Reaffirms* the need to fulfil the commitments on the provision of financial resources and transfer of technology contained in chapter 34 of Agenda 21,[4] the outcome of the nineteenth special session of the General Assembly and the Agenda for Development;[5]

14. *Recognizes* that, while applications of agricultural biotechnology in developing countries, if associated with the capacity to ensure their compatibility with human health and ecosystems, provide viable opportunities for improving productivity and increasing production capacity in the agricultural sector, a large number of developing countries have limited access to such technologies and face a number of impediments in their development of biotechnology;

15. *Also recognizes* the need for studying the impact of new biotechnologies on human health, the welfare and livelihood of the farmers, and poverty in developing countries;

16. *Calls* for safe biotechnology that will, *inter alia*, foster crop reproduction and enhance the development of developing countries;

17. *Reaffirms* that the substantive theme for the work of the Commission on Science and Technology for Development during the inter-sessional period 1999-2000 will be "National capacity-building in biotechnology", with particular attention to agriculture and the agro-industry, health and the environment; the theme will include human resource development through basic science education, research and development, as well as their interdisciplinary aspects; the transfer, commercialization and diffusion of technology; increasing public awareness and participation in science policy-making; and bioethics, biosafety, biodiversity, and the legal and regulatory matters affecting these issues to ensure equitable treatment;

18. *Stresses* the necessity of promoting linkages and partnership among public and private sectors and centres of excellence and networks in developed and developing countries and countries with economies in transition with the objective of strengthening national research capability and capacity in biotechnology in developing countries;

19. *Also stresses* the need to establish science and technology as a cross-cutting theme within the work of the United Nations, particularly through effective and better coordination, including of international cooperation in technology assessment, monitoring and forecasting, information and communication technologies, partnership and networking for innovative and new technologies, biotechnology and providing an environment conducive to the development of new environmentally sound technologies, and calls upon United Nations organizations, funds and programmes to work in a coordinated manner to develop a catalogue of proved technologies to enable developing countries to make effective choices in state-of-the-art technologies;

20. *Encourages* the United Nations system to ensure, where appropriate in its operational activities, the provision for the transfer of appropriate technical know-how and technological skills to developing countries;

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[4] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.

[5] General Assembly resolution 51/240, annex.

21. *Reaffirms* the need for adequate financial resources on a continuous and assured basis to foster science and technology for development, in particular to promote endogenous capacity-building in developing countries in accordance with their priorities;

22. *Emphasizes* the need to reduce regulatory limitations on the transfer of technology, particularly to developing countries, and stresses the importance of identifying barriers to and unjustifiable restrictions on the transfer of technologies with a view to addressing such constraints while creating specific incentives, fiscal and otherwise, for the transfer of new and innovative technologies;

23. *Recognizes* the importance of cooperation among developing countries in the field of science and technology, building on their complementarities, and the need to further advance such cooperation through the establishment and/or the strengthening of national technology and information centres in developing countries and their networking on regional, subregional, interregional and global levels to promote technology research, training and dissemination as well as joint projects in developing countries, urges the organizations and bodies of the United Nations system and other relevant international, regional and subregional organizations and programmes to provide continued and enhanced support through technical assistance and financing for such efforts, calls for further cooperation between centres of excellence, universities and research institutions, and urges the international community to support such initiatives, where appropriate, through financial and technical assistance;

24. *Also recognizes* the importance of maintaining mutually beneficial scientific and technological cooperation between and among developing countries and countries with economies in transition;

25. *Invites* the relevant bodies of the United Nations system to provide assistance and promote cooperation in the areas of partnership and networking, biotechnology, and information and communication technologies, including in the design and implementation of national strategies on such technologies or mechanisms;

26. *Requests* the Secretary-General to submit to the General Assembly for consideration at its fifty-fifth session, through the Economic and Social Council, without prejudice to the periodicity of this item, proposals for strengthening the coordination of mechanisms on the Commission on Science and Technology for Development within the United Nations Conference on Trade and Development in order to ensure coordination of the various efforts and activities in the area of new and innovative technologies, in particular information and communication technologies, and their applications, such as in electronic commerce, with the objective of promoting complementarity of activities within the United Nations system;

27. *Also requests* the Secretary-General to submit to the General Assembly at its fifty-fifth session a report on the progress made in the implementation of the present resolution.

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Macroeconomic policy questions: external debt crisis and development

Report of the Second Committee*

Rapporteur: Mr. Hussam Edin **A'Ala** (Syrian Arab Republic)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 97 (see A/54/585, para. 2). Action on sub-item (e) was taken at the 15th and 48th meetings, on 19 October and 9 December 1999. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/54/SR.15 and 48).

II. Consideration of draft resolutions A/C.2/54/L.2 and A/C.2/54/L.71

2. At the 15th meeting, on 19 October, the representative of Guyana, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Enhancing international cooperation towards a durable solution to the external debt problem of developing countries" (A/C.2/54/L.2), which read:

> "*The General Assembly,*
>
> "*Recalling* its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997 and 53/175 of 15 December 1998 on enhancing international cooperation towards a durable solution to the external debt problem of developing countries,

* The report of the Committee on this item will be issued in six parts, under the symbol A/54/585 and Add.1-5.

99-38709 (E) 161299

"*Reaffirming* the urgent need for effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries in order to help them to attain a lasting exit from unsustainable debt burdens,

"*Recognizing* the continuing efforts of debtor countries, despite the great social cost involved, to pursue economic reform, stabilization and structural adjustment programmes aimed at achieving stability, raising domestic savings and investments, reducing inflation, improving economic efficiency and addressing the social aspects of development, including the eradication of poverty as well as the development of social safety nets for the vulnerable and poorer strata of their populations,

"*Noting with concern* the continuing debt and debt-servicing problems of developing countries as constituting an element adversely affecting their development efforts and economic growth, and stressing the importance of alleviating once and for all the onerous debt and debt-service burdens connected with the various types of debt of developing countries on the basis of an effective, equitable, development-oriented and durable approach,

"*Noting with great concern* the continuing high debt burden borne by African countries and least developed countries, as exacerbated by the continuous declines in commodity prices,

"*Noting also with great concern* that the recent financial crises have aggravated the debt-servicing burden of many developing countries, including middle-income countries, making it difficult for them to raise enough resources for debt servicing,

"*Noting with concern* that a growing number of middle-income developing countries are facing grave difficulties in sustaining external debt servicing and that some of these countries have become highly debt-distressed,

"*Stressing* that debt sustainability of middle-income developing countries is essential to their sustained economic growth and to the smooth functioning of the world economy,

"*Noting with great concern* that the debt overhang of the heavily indebted poor countries is far from being lifted and that the pace of implementation of the Heavily Indebted Poor Countries Debt Initiative has been very slow because of the complexity of the process itself and because of financing constraints,

"*Stressing* the need for the evolving international debt strategy to address fully the debt sustainability of developing countries, and, in this connection, stressing the urgent need for a full and swift implementation of initiatives that will further assist developing countries, in particular the poorest and heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their high and unsustainable levels of total debt stock and servicing burdens,

"*Stressing also* the need for a supportive international economic environment that is conducive to improving the developing countries' terms of trade, market access and access to technology, as well as to fostering better commodity prices, stable exchange rates and international interest rates and to enabling the provision of sufficient resources for development,

"*Welcoming* the initiative of the Group of Seven major industrialized countries, launched at its meeting in Cologne, Germany, in June 1999, and the recent decisions of the International Monetary Fund and the World Bank on the enhanced Heavily Indebted Poor Countries Debt Initiative,

"*Acknowledging* the actions taken by creditor countries both within the framework of the Paris Club and through the cancellation and equivalent relief of bilateral debts,

"*Emphasizing* that mechanisms such as debt rescheduling and debt conversion have not resolved problems relating to the long-term debt sustainability of indebted developing countries,

"*Emphasizing also* that the international community should consider further appropriate measures in order to contribute to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries,

"1. *Takes note* of the report of the Secretary-General on recent developments in the debt situation of the developing countries;

"2. *Recognizes* that effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing burdens of developing countries can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development;

"3. *Recognizes also* that the Cologne initiative and the recent decisions adopted by the World Bank and the International Monetary Fund on the enhanced Heavily Indebted Poor Countries Debt Initiative contribute to achieving durable solutions to the external debt and debt-servicing burdens of developing countries, in particular of the heavily indebted poor developing countries;

"4. *Recognizes further* that a principal obstacle for the speedy implementation of the Heavily Indebted Poor Countries Debt Initiative is financial constraints, and, in this regard, reiterates the call for the industrialized countries that have not yet contributed to the Enhanced Structural Adjustment Facility (now renamed Poverty Reduction and Growth Facility) and the Heavily Indebted Poor Countries Trust Fund to come forward immediately with their contributions;

"5. *Notes* that even with the so-called 'floating completion points', the two three-year stages of implementation of the Initiative in eligible countries still represents a long time-frame before actual debt relief could happen, and, in this regard, encourages consideration to shorten further the time-frame for implementation of the Initiative to eligible countries so that debt relief can be provided to them in the quickest manner possible, thereby helping them immediately to move towards the path of economic recovery and development;

"6. *Notes also* that while there is now a possibility to expand eligibility under the Initiative to 36 countries, there is still a need to review the list of heavily indebted poor countries, including the cases of borderline heavily indebted countries, in order to ensure that all poor countries facing debt-servicing difficulties will be considered under the Initiative, and, in this regard, also encourages consideration to apply less restrictive eligibility criteria, notably by reducing the threshold of ratios of debt to exports and debt service to exports;

"7. *Invites* the International Monetary Fund to strengthen the transparency and integrity of debt sustainability analysis through, *inter alia*, the commissioning and making use of studies prepared by impartial sources that are selected in consultation with creditors and debtors and relevant United Nations bodies, as appropriate;

"8. *Notes* the agreement on the elements of a financing plan for multilateral development banks that will permit the enhanced framework for the Heavily Indebted Poor Countries Debt Initiative to be launched and the delivery of debt relief to begin for those countries requiring retroactive relief and those expected to reach their decision points over the near term, and, in this regard, stresses the importance of applying the enhanced Initiative to those eligible countries which have already reached their decision or completion points within the framework of the previous Initiative;

"9. *Stresses* the need for flexible implementation of the proposed framework for strengthening the link between debt relief and poverty reduction, and, in this regard, emphasizes that the absence of an agreed poverty reduction strategy paper should not hinder the reaching of a decision point and that in all cases a demonstrable progress in implementing a poverty reduction strategy in countries eligible under the Initiative should be sufficient for the decision and completion points to be attained under its enhanced framework;

"10. *Emphasizes* that poverty reduction programmes as linked to the implementation of an enhanced Initiative must be country-driven and in accordance with the priorities and programmes of countries eligible under the Initiative;

"11. *Stresses* the critical need for all debt relief initiatives to be guided by more transparent and predictable modalities, involving debtor countries in any review and analysis that is conducted during the adjustment period;

"12. *Urges* creditor countries to consider full cancellation of bilateral official debts of countries eligible under the Initiative, post-conflict countries, in particular those with protracted arrears, developing countries affected by serious natural disasters and countries with very low social and human development indicators, and, in this regard, calls upon the Secretary-General to examine ways and means of building coalitions with civil society organizations and non-governmental organizations in creditor countries, including Jubilee 2000, to ensure in the shortest possible time the implementation of pronouncements on debt forgiveness in order that countries eligible under the Initiative will quickly benefit from such pronouncements;

"13. *Reiterates* the fundamental principle, in keeping with previous resolutions of the General Assembly, that funding of any debt relief should not affect the support required for other development activities in favour of developing countries, and, in this regard, welcomes the decision of the Joint International Monetary Fund/World Bank Development Committee that financing of debt relief should not compromise the financing made available through concessional windows such as the International Development Association, and expresses its appreciation that certain developed countries have reached or even gone beyond the internationally agreed target for official development assistance of 0.7 per cent, while, at the same time, calling upon other developed countries to fulfil this target for official development assistance;

"14. *Expresses its appreciation for* the action taken by creditor countries of the Paris Club in December 1998 with regard to the debts of countries affected by hurricane Mitch, and, in this regard, reiterates the need for bilateral relief promises to come to fruition in the shortest possible time-frames in order to free the requisite resources for national reconstruction efforts, welcomes the decision of various countries to condone bilateral debt to Honduras and Nicaragua and invites others to follow their example;

"15. *Encourages* the international creditor community to consider appropriate measures in the case of countries with a very high level of debt overhang, including,

where appropriate, debt conversion measures for the low-income countries of Africa, the least developed countries and middle-income countries, in order to make an appropriate and consistent contribution to the common objective of debt sustainability;

"16. *Recognizes* the economic and social costs being incurred by the middle-income developing countries because of their external debt-servicing obligations, and notes the worsening situation in some of them, which may lead to insolvency, thus requiring outright debt reduction;

"17. *Calls for* concerted action effectively to address debt sustainability of middle-income developing countries with a view to resolving their long-term debt sustainability problems, including through major reduction of their debt stock and other appropriate and orderly mechanisms for debt reduction, encourages private creditors, in particular, commercial banks, to continue their initiatives and efforts to address the commercial debt problems of middle-income developing countries, in particular those affected by the recent financial crises, and also encourages all creditor and middle-income debtor countries to utilize to the fullest extent possible all existing mechanisms for debt reduction;

"18. *Recognizes* the need to enhance the ability of existing facilities to provide debt-relief measures through various debt-conversion programmes, such as debt-equity swaps, debt-for-nature swaps, debt-for-child-development swaps and other debt-for-development swaps, to be implemented widely so that the countries concerned may be assisted in their development efforts, as well as to support measures in favour of the most vulnerable segments of the societies of those countries and to develop techniques of debt conversion applied to social development programmes and projects, in conformity with the priorities of the World Summit for Social Development, held in Copenhagen in March 1995;

"19. *Recognizes also* the adverse impact of the volatility of short-term capital flows and exchange rates on interest rates and the debt situation of developing countries, and stresses the need for coherence in implementing policies, as well as orderly, gradual and well-sequenced approaches to capital account liberalization, in order to mitigate the impact of such volatility and reduced access to external financing;

"20. *Takes note* of the reform of Poverty Reduction and Growth Facility operations to focus on giving greater prominence to the goal of supporting countries' poverty reduction efforts, while recognizing that debt relief alone will be insufficient to achieve the goal of poverty eradication, and, in this regard, emphasizes the urgency of securing its adequate level of funding support;

"21. *Reaffirms* the Mid-term Global Review of Progress towards the Implementation of the Programme of Action for the Least Developed Countries for the 1990s, in particular the appropriate actions required in favour of those countries concerning their official bilateral, commercial and multilateral debts;

"22. *Stresses* the need for new financial flows to debtor developing countries from all sources, in addition to debt-relief measures that include debt and debt-service reduction, and urges creditor countries and multilateral financial institutions to continue to extend concessional financial assistance, in particular to the least developed countries, in order to support the implementation of economic reforms and stabilization and structural adjustment programmes by the developing countries that will enable them to extricate themselves from the debt overhang and attract new investments and to assist them in achieving sustained economic growth and sustainable development and the eradication of poverty;

"23. *Also stresses* the importance of additional debt-relief measures in the light of the adverse effects of the international financial crises on the mobilization of both domestic and external resources for the development of the developing countries, including those in Africa and the least developed countries;

"24. *Further stresses* the importance of trade to development, poverty alleviation and sustained global economic recovery, and, in this regard, emphasizes the need for the next round of trade negotiations to deliver early and substantial benefits to developing countries, as well as improving their market access and further reducing barriers to their trade;

"25. *Urges* the international community, including the United Nations system and the Bretton Woods institutions, and the private sector to take appropriate measures and actions for the implementation of commitments, agreements and decisions resulting from the major United Nations conferences and summits organized since the beginning of the 1990s on development, as well as from the outcomes of review processes, related to the question of the external debt and debt-servicing problems of developing countries;

"26. *Requests* the Secretary-General to include in his report on this item to the General Assembly at its fifty-fifth session a comprehensive and substantive analysis of the external debt problems of the heavily indebted poor countries, least developed countries and middle- income developing countries, as well as proposals for specific and concrete measures or mechanisms to resolve these problems in a durable manner;

"27. *Also requests* the Secretary-General to report to the General Assembly at its fifty-fifth session on the implementation of the present resolution."

3. At the 48th meeting, on 9 December, the Vice-Chairman of the Committee, Giovanni Brauzzi (Italy), introduced a draft resolution entitled "Enhancing international cooperation towards a durable solution to the external debt problem of developing countries" (A/C.2/54/L.71), which he submitted on the basis of informal consultations held on draft resolution A/C.2/54/L.2.

4. At the same meeting, statements were made by the representatives of the Philippines, the United States of America, Cameroon and Côte d'Ivoire (see A/C.2/54/SR.48).

5. Also at the same meeting, the Committee adopted draft resolution A/C.2/54/L.71 (see para. 7).

6. In the light of the adoption of draft resolution A/C.2/54/L.71, draft resolution A/C.2/54/L.2 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997 and 53/175 of 15 December 1998 on enhancing international cooperation towards a durable solution to the external debt problems of developing countries,

Reaffirming the urgent need for further implementation in an effective, equitable and development-oriented way of existing mechanisms for the treatment of the external debt and debt-servicing problems of developing countries in order to help them to exit from the rescheduling process and unsustainable debt burdens,

Welcoming and emphasizing the importance of the efforts of debtor countries, despite the great social cost often involved, in pursuing economic reform, stabilization and structural adjustment programmes aimed at achieving stability, raising domestic savings and investments, attaining competitiveness to take advantage of market access opportunities where available, reducing inflation, improving economic efficiency and addressing the social aspects of development, including the eradication of poverty as well as the development of social safety nets for the vulnerable and poorer strata of their populations, and encouraging them to continue in these efforts,

Welcoming the debt initiative launched by the Group of Seven major industrialized countries at its meeting held in Cologne, Germany, from 18 to 20 June 1999, and the recent decisions of the International Monetary Fund and the World Bank on the enhanced Heavily Indebted Poor Countries Debt Initiative, which should provide deeper, broader and faster debt relief,

Noting with great concern that one of the major obstacles to the speedy implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative is financial constraints, stressing the need for fair, equitable and transparent burden-sharing among the international public creditor community and other donor countries, and in this regard stressing also that the Heavily Indebted Poor Countries Trust Fund must be adequately funded,

Welcoming the actions taken by creditor countries within the framework of the Paris Club and by some creditor countries through the cancellation and equivalent relief of bilateral debts,

Noting with concern the continuing debt and debt-servicing problems of heavily indebted developing countries as constituting an element adversely affecting their development efforts and economic growth, and stressing the importance of alleviating once and for all, where applicable, the onerous debt and debt-service burden with the aim of attaining a sustainable level of debt and debt service on the basis of an effective, equitable, development-oriented and durable approach, and, where appropriate, addressing the full stock of debt of the poorest and most indebted developing countries as a matter of priority,

Noting with great concern the continuing high debt burden borne by most African countries and least developed countries as exacerbated, *inter alia*, by the declining trend in many commodity prices,

Noting also with great concern that the recent financial crisis has aggravated the debt-service burdens of many developing countries, including low-income and middle-income countries, particularly in the context of meeting their international debt and debt-servicing obligations in a timely fashion despite serious external and domestic financial constraints,

Noting with concern that a growing number of highly indebted middle-income developing countries are facing difficulties in meeting their external debt-servicing obligations, owing, *inter alia*, to liquidity constraints,

Stressing that effective management of the debt of developing countries, including middle-income countries, is an important factor among others in their sustained economic growth and in the smooth functioning of the world economy,

Noting with great concern that the debt overhang of the heavily indebted poor countries still constitutes a problem hampering their development, and in this context emphasizing the importance of the full and speedy implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative,

Stressing the need for evolving debt strategies to continue to address the debt sustainability of developing countries, and in this connection stressing also the urgent need for full and swift implementation of initiatives that will further assist developing countries, in particular the poorest and most heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high levels of total debt stock and debt-service burdens,

Stressing also the need for continuing global economic growth and a continuing supportive international economic environment with regard to, *inter alia*, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and sustainable development of the developing countries, in accordance with the relevant General Assembly resolutions and recent United Nations conferences,

Noting that mechanisms such as debt rescheduling and debt conversions alone are not sufficient to resolve all the problems relating to long-term debt sustainability,

Stressing the importance of a sound enabling environment for effective debt management,

Recognizing those efforts of the international community that contribute to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, and emphasizing that the international community should consider further appropriate measures to that end,

1. *Takes note* of the report of the Secretary-General on recent developments in the debt situation of developing countries;[1]

2. *Recognizes* that effective, equitable, development-oriented and durable solutions to external debt and debt-service burdens of developing countries can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development in accordance with the relevant General Assembly resolutions and recent United Nations conferences;

3. *Also recognizes* that the Cologne debt initiative and the recent decisions of the World Bank and the International Monetary Fund on the enhanced Heavily Indebted Poor Countries Debt Initiative contribute to achieving durable solutions to the external debt and debt-service burdens of the heavily indebted poor developing countries;

4. *Reiterates* the call for industrialized countries that have not yet contributed to the Enhanced Structural Adjustment Facility (now renamed Poverty Reduction and Growth

[1] A/54/370.

Facility) and the Heavily Indebted Poor Countries Trust Fund to come forward immediately with their contribution;

5. *Notes* the agreement on the elements of a financing plan for multilateral development banks and in this regard stresses the urgency of providing new and additional resources to secure adequate funding for an overall financing plan for the enhanced Heavily Indebted Poor Countries Debt Initiative, including in particular the Heavily Indebted Poor Countries Trust Fund in the context of equitable and transparent burden-sharing that would permit the Initiative to be launched and the delivery of debt relief to begin for those countries requiring retroactive relief and those expected to reach their decision points over the near term, without compromising the financing made available through concessional windows such as the International Development Association, and in this regard stresses the importance of applying the enhanced Initiative in those eligible countries that have already reached their decision and completion points within the framework of the previous Initiative;

6. *Also notes* that the so-called floating completion points approach offers the opportunity to shorten the time-frame for implementation of the Heavily Indebted Poor Countries Debt Initiative to countries that meet the necessary conditions so that debt relief can be provided faster than under the original heavily indebted poor countries framework, and in this regard urges speedy implementation of the approach and welcomes the flexibility that the enhanced Initiative provides in terms of interim assistance and front-loading of the delivery of debt to qualifying eligible countries;

7. *Stresses* the importance of implementing the Heavily Indebted Poor Countries Debt Initiative flexibly, including shortening the interval between the decision and completion points, taking due account of the policy performance of the countries concerned in a transparent manner and with the full involvement of the debtor countries;

8. *Notes* that there is now a possibility of expanding eligibility under the Heavily Indebted Poor Countries Debt Initiative to thirty-six countries, and in this regard looks forward to an early review of the list of heavily indebted poor countries;

9. *Stresses* the importance of considering increased flexibility with regard to Heavily Indebted Poor Countries Debt Initiative eligibility criteria, including continuously evaluating and actively monitoring the implication of existing terms of the eligibility criteria so as to ensure sufficient coverage of heavily indebted poor countries, increased flexibility being, in this context, particularly important for known borderline cases and countries in post-conflict situations, in respect of, *inter alia*, avoiding delays in the establishment of a track record of economic performance caused by temporary setbacks due to external shocks in order to help them to exit from the rescheduling process and from unsustainable debt burdens;

10. *Invites* the International Monetary Fund and the World Bank to continue to strengthen the transparency and integrity of debt sustainability analysis, and encourages the further commissioning of relevant independent studies on the debt problem of developing countries;

11. *Welcomes* the proposed framework for strengthening the link between debt relief and poverty eradication and stresses the need for its flexible implementation, recognizing that, while the poverty reduction strategy paper should be in place by the decision point, on a transitional basis the decision point could be reached without agreement on a poverty paper, but that in all cases demonstrable progress in implementing a poverty reduction strategy would be required by the completion point;

12. *Emphasizes* that poverty reduction programmes as linked to the implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative must be country-driven

and in accordance with the priorities and programmes of countries eligible under the Initiative, and stresses the role of civil society in this regard;

13. *Stresses* the need for debt-relief initiatives to be guided by enhanced transparency and predictability, involving debtor countries in any review and analysis that is conducted during the adjustment period;

14. *Welcomes* the decision of those countries that have cancelled bilateral official debt and urges creditor countries that have not done so to consider full cancellation of bilateral official debts of countries eligible under the Heavily Indebted Poor Countries Debt Initiative and, as appropriate, action to address the needs of post-conflict countries, in particular those with protracted arrears, developing countries affected by serious natural disasters and poor countries with very low social and human development indicators, including the possibility of debt-relief measures through, *inter alia*, the cancellation and equivalent relief of bilateral official debt, and stresses the importance of building coalitions with civil society organizations and non-governmental organizations in all countries to ensure in the shortest possible time the implementation of pronouncements on debt forgiveness in order that countries eligible under the Initiative may quickly benefit from such pronouncements;

15. *Notes* that the multilateral debt-relief funds can have a positive impact in respect of assisting Governments in safeguarding or increasing expenditures on priority social sectors and encourages donors to continue efforts in this regard in the context of the enhanced Heavily Indebted Poor Countries Debt Initiative;

16. *Stresses* the principle that funding of any debt relief should not affect adversely the support for other development activities in favour of developing countries, including the level of funding for the United Nations funds and programmes, and in this regard welcomes the decision of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries (Development Committee) that financing of debt relief should not compromise the financing made available through concessional windows such as the International Development Association, and expresses its appreciation that certain developed countries have reached or even gone beyond the agreed target for official development assistance of 0.7 per cent of their gross national product, while at the same time calling upon other developed countries to fulfil this target for official development assistance as soon as possible;

17. *Expresses its appreciation* for the action taken by creditor countries of the Paris Club in December 1998 with regard to the debts of countries affected by hurricane Mitch, and in this regard reiterates the need for relief promises to come to fruition within the shortest possible time-frames in order to free the requisite resources for national reconstruction efforts, welcomes the decision of various countries to address the debt situation of Honduras and Nicaragua, including through cancellation of their bilateral official debt, and invites others to take similar action;

18. *Encourages* the international creditor community to consider appropriate measures in the case of countries with a very high level of debt overhang, including in particular low-income African countries, in order to make an appropriate and consistent contribution to the common objective of debt sustainability;

19. *Recognizes* the difficulties of highly indebted middle-income developing countries and other highly indebted middle-income countries in meeting their external debt and debt-servicing obligations, and notes the worsening situation in some of them in the

context, *inter alia*, of higher liquidity constraints, which may require debt treatment including, as appropriate, debt-reduction measures;

20. *Calls* for concerted national and international action to address effectively debt problems of middle-income developing countries with a view to resolving their potential long-term debt-sustainability problems through various debt-treatment measures, including, as appropriate, orderly mechanisms for debt reduction, and encourages all creditor and debtor countries to utilize to the fullest extent possible, where appropriate, all existing mechanisms for debt reduction;

21. *Recognizes* the efforts made by indebted developing countries with regard to fulfilling their debt-servicing commitments despite the high social cost incurred, and in this regard encourages private creditors and, in particular, commercial banks to continue their initiatives and efforts to address the commercial debt problems of middle-income developing countries, in particular those affected by the financial crisis;

22. *Also recognizes* the need to continue to work with all creditors in order to facilitate continued access to international capital markets, and, in the event that extraordinary circumstances preclude a country from temporarily meeting its debt-servicing commitments, urges Governments to work with creditors in a transparent and timely fashion towards a workable resolution of the repayment problem;

23. *Further recognizes* the need to make the maximum use of existing debt-relief measures, including existing facilities to provide relief through various debt-conversion programmes, such as debt-equity swaps, debt-for-nature swaps, debt-for-child-development swaps and other debt-for-development efforts, as well as to support measures in favour of the most vulnerable segments of the societies of those countries and to develop techniques of debt conversion to be applied to social development programmes and projects, in conformity with the priorities of the World Summit for Social Development, held in Copenhagen in March 1995;[2]

24. *Stresses* that debt relief should contribute to development objectives, including poverty reduction, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

25. *Notes*, while recognizing the benefits of the liberalization of international capital flows, the adverse impact of the volatility of short-term capital flows on exchange rates, interest rates and the debt situation of developing countries, and stresses the need for coherence in implementing policies and for the liberalization of capital accounts in an orderly, gradual and well-sequenced manner to keep pace with the strengthening of the ability of countries to sustain its consequences so as to mitigate the adverse impact of such volatility;

26. *Also notes* that debt relief alone will not lead to poverty reduction, and in this regard emphasizes the need for an enabling environment as well as for an efficient, transparent and accountable public service and administration, and also emphasizes the urgency of securing an adequate level of funding support for debt relief, in particular the agreement for an overall financing plan for the enhanced Heavily Indebted Poor Countries Debt Initiative;

27. *Stresses* the need to strengthen the institutional capacity of developing countries in debt management, calls upon the international community to support the efforts towards this end, and in this regard stresses the importance of initiatives such as the Debt

[2] See *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8).

Management and Financial Analysis System[3] and the debt-management capacity-building programme;

28. *Reaffirms* the Mid-term Global Review of Progress towards the Implementation of the Programme of Action for the Least Developed Countries for the 1990s,[4] in particular the actions required in favour of those countries concerning their official bilateral, commercial and multilateral debts;

29. *Stresses* the need for new financial flows to debtor developing countries from all sources, in addition to debt-relief measures that include debt and debt-service reduction, and urges creditor countries and multilateral financial institutions to continue to extend concessional financial assistance, in particular to the least developed countries, in order to support the implementation by the developing countries of economic reforms and stabilization and structural adjustment programmes that will enable them to extricate themselves from the debt overhang and attract new investment and to assist them in achieving sustained economic growth and sustainable development, in accordance with the relevant General Assembly resolutions and recent United Nations conferences, and the eradication of poverty;

30. *Notes* the importance of providing adequate resources for debt-relief measures in the light of the adverse effects of the international financial crises on the mobilization of both domestic and external resources for the development of the developing countries, including those in Africa and the least developed countries;

31. *Stresses* the importance of trade to development, poverty alleviation and sustained global economic recovery, and in this regard emphasizes that multilateral trade negotiations should deliver early and substantial benefits to developing countries, in particular the least developed countries, as well as improve market access and further reduce barriers to trade;

32. *Also stresses* the importance for developing countries of continuing their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development, so as to favour their exit from debt and debt-servicing problems, and further stresses the need for the international community to promote a conducive external environment through, *inter alia*, improved market access, stabilization of exchange rates, effective stewardship of international interest rates, increased resource flows, access to international financial markets, flow of financial resources and improved access to technology for developing countries;

33. *Calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the 1990s on development, as well as of the outcomes of review processes, in particular those related to the question of the external debt problem of developing countries;

34. *Requests* the Secretary-General to report to the General Assembly at its fifty-fifth session on the implementation of the present resolution and to include in his report a comprehensive and substantive analysis of the external debt and debt-servicing problems of the developing countries.

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[3] The Debt Management and Financial Analysis System is a computerized system developed by the United Nations Conference on Trade and Development to assist developing countries and countries with economies in transition in developing appropriate administrative, institutional and legal structures for effective foreign and domestic public debt management. By June 1999, the system had been installed in the debt offices of fifty countries in Africa, Asia, Europe and Latin America and the Caribbean.

[4] Resolution 50/103, annex.